signed to ensure the party line is

At that extraordinary conference

expected to last about a week, the

vounger set will be put in place, and

the country's next five-year eco-nomic plan, which is likely to push

the "open door" a little further ajar, will be approved.

Most of the replacements are ex-

pected to be in Deng's image. He is

tinuing leadership change and se-cure his modernisation drive before

he, too, must depart. His ability to

win so many resignations is a mea-sure of his hold on the party.

The most significant changes are

in the power elite, the 25-member

Politburo, the members of which al-

so serve on the Central Committee

but are one rank above the rest.

Ten members of the Politburo have

resigned, two of them in their late

60s, three in their 70s and five in

They include the influential Mar-shal Ye Jianying, 88, who has been a symbol of the opposition within

the leadership to Deng's pragmatic

termined to institutionalise con-

**EUROPE'S BUSINESS NEWSPAPER** 

Tuesday September 17 1985

D 8523 B

Deng sweeps

out of office

old guard

By Robert Thomson in Peking

MORE THAN 130 senior Chinese

officials have resigned to make way

for younger leaders, in a dramatic move that will change the face of

the country's geriatric-ridden

The mass resignation puts into

or mass reagnation puts into place the plans of the Chinese leader, Deng Xiaoping, for an orderly system of pensioning off senior political leaders, who previously would not release their grip on power until they died. That provided China with a feeble gerontocracy and as one party powerbooker

and, as one party powerbroker remarked, a senility problem."

The overhaul also puts Deng, who is 81, closer to his goal of safeguard-

ing his reforms by replacing elderly

opponents with younger, better ed-ucated and more pragmatic offi-

cials, ready to toe his line. How much closer he is to that goal will

be revealed when the replacements

Sixty-four members of the Com-

mmist Party's 210-member Central

Committee and its 138-member Al-

ternate Committee, the core of po-litical power in China, will go. Their

resignations were announced at a

are announced in the next week.

## World news

## S. Africa pursues rebels in Angola

South African and Namibian secu-rity forces, backed by the air force, crossed into Angola in pursuit of guerrillas from the South West Africa People's Organisation (Swano).

The operation was in response to increased military action by Swapo, which is fighting for independence. General Constand Vilioen, chief of the South African Defence Force, said Angola had been informed of the operation and had been requestional and to interface Page 4. ed not to interfere. Page 4

#### Rau to stand

Notice during

it raings (Seaba

1085 U.S. SE

State Water State

BRATIONAL

Johannes Rau, premier of the West German state of North Rhine-Westphalia, agreed to be nominated as the opposition Social Democrat candidate for the chancellorship during the next general election in January 1987. Page 2.

#### Ceasefire prolonged

Twenty Tamil separatist guerrillas were killed and 85 surrendered when security forces swooped on a rebel stronghold in Sri Lanka's eastern Trincomalee district. The Government has unilaterally extended a three-month-old cease-

#### Army chief sacked

President Alan Garcia of Peru dis-missed General Cesar Enrico Praelli, chief of the joint staff of the armed forces, and announced that three army officers would stand trial for the death of seven people whose bodies were discovered in a clandestine grave. Page 6

#### Grenades in cinema

At least 35 people, many of them grenades were hurled from the balcony of a packed cinema at Pagdian on the Philippines Island of Minda-

#### Battle of lawmen

The mayor and police chief of Pakil. near Manila, the Philippines' capi-tal, shot one another dead after an argument outside the mayor's of-

#### Spanish pit trouble

death of a miner in the Asturias region, the 62nd fatal pit accident this 38 year. Page 2

#### Rebels claim kidnap Left-wing guerrillas in El Salvador said they were holding President José Napôleon Duarte's daughter.

#### Thailand eases up

Thailand ended a state of emergency imposed after a failed coup at-

#### tempt a week ago. Tripoli fighting

At least 34 people were killed and 73 wounded in fighting between pro-Syrian militiamen and Islamic fundamentalists in the north Leba-

#### nese port city of Tripoli.

Crash inquest The inquest into the deaths of 131 victims of June's Air-India Boeing

747 jet crash off the Irish coast

#### begins in Cork today. Page 4

Marshal dies Soviet marshal Alexei Yepishev, 77, replaced in July as head of the

armed forces' political directorate,

#### died after a long illness. Athletes banned

Women's discus world record holder Zdenka Silhava and fellow Czech Remigius Machura, men's shot bronze medallist in the 1983 world ships, have been banned for life after being positively dope-tested at last month's European Cup final in Moscow.

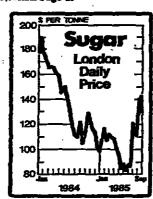
## **NatWest** unit for capital markets

Business summary

No. 29,729

NATIONAL WESTMINSTER, Britain's second-largest bank, is to form a new investment banking subsidiary for its activities in the world capital markets, including its opera-tions in UK securities arising from London's financial revolution. Page 11

WALL STREET: The Dow Jones in dustrial average closed up 1.46 at 1,309.14. Page 46



SUGAR: The London daily raws price rose by \$13.50 to a 21-month high of \$142.50 yesterday as a result of new quotas announced on Friday by the U.S. Futures quotations were also sharply higher. Page 38

LONDON blue chips and gilts drifted lower while aerospace issues were sought. The FT Ordinary share index slipped 42 to 1,007.7. Page 46

FRANKFURT stocks rallied from a mixed opening to close higher. The Commerciank index gained 5.9 to

TOKYO was closed for a national

DOLLAR fell in London to DM 2.8840 (DM 2.8990), FFr 8.7875 (FFr 8.8450), SwFr 2.3820 (SwFr 2.39) and Y241.35 (Y241.95). On Bank of England figures, the dollar's index fell to 140.8 from 141.0. Page 35

STERLING rose 20 points in London to close at \$1.343. It fell to DM 3.8725 (DM 3.8873), FFr 11.80 (FFr 11.86), SwFr 3.20 (SwFr 3.2050) and Y324 (Y324.50). The pound's exchange rate index fell to 80.8 from

GOLD: In New York the December pect of renewed stoppages and pro-tests over safety standards after the don bullion market. It also fell in Zurich to \$319.55 from \$321.25. Page

UK MANUFACTURING production fell by about 2 per cent during July, reinforcing signs of a significant slowdown in the pace of growth of output. Page 11

JAPAN'S 12 integrated securities houses, which include the big four, all plan to increase their dividends for the year which ends this month

Page 24 BANK OF CHINA plans next

month to launch the country's first dollar-denominated bond since the 1949 revolution, according to Normra Securities. Page 24

PARGESA, Swiss financial group linked to Groupe Bruxelles Lam-bert of Belgium, plans to raise SwFr 103.5m (\$43.5m) through a two-stage share offering. Page 25 **HEINEKEN**. Europe's largest beer maker, has started construction of a \$15m brewery in Nassau in association with two Bahamian partners.

POWER Corporation of Canada is buying control of Tele-Metropole, operator of the private commercial TV network in Quebec, for CS97.8m (U.S.\$71m), Page 25

DUNLOP OLYMPIC, diversified Australian group, announced a boost in its annual dividend and a one-for-10 rights issue aimed at replenishing cash reserves. Page 24

turer, expects to hold consolidated unitered claims that Richardnet earnings at approximately last year's SwFr 48m (\$20m) in 1985. The of their commany's care shares there will be some unhappy share holders and the arbitrageurs are likely to get restive."

Additional commands are shares there will be some unhappy share holders and the arbitrageurs are likely to get restive.

# UK-sells \$2.5bn floating rate issue to boost reserves

The biggest floating

Bank of England will reinvest the cash and could even make a profit,

since yesterday's note issue com-manded very fine terms.

.If the money were used to shore up sterling on the foreign exchange markets, the Government would

have to find the full cost of servic-

Britain will pay interest quarterly at the interest rate at which banks

ing the debt in dollars.

BY MAX WILKINSON AND MAGGIE URRY IN LONDON

THE BRITISH Government anconnect yesterday that it is to poost its foreign exchange reserves by launching a \$2.5bn floating rate note issue on the international

This is the first time that Britain has used a floating rate issue to increase its reserves, which have declined steadily since 1979. Foreign currency reserves available for increase its reserves available for increase. tervention in the exchange markets then stood at \$18bn compared with

only \$7.5bn in August.

The issue raised speculation that
Britain might be preparing the
ground for full membership of the European Monetary System. Healthy reserves might then be needed to ensure that the pound could be held steady against continental European currencies. However, the Government insist-

ed yesterday that the new borrowing was an "insurance policy" against turbulence in the foreign exchange markets and that the Treasury was rebuilding reserves to the more prudent level of 1982.

The seven-year issue, which took the Eurobond market by surprise, is the largest of its kind, and the first from the UK Government. It was enthusiastically received by dealers, who reported strong demand for the bonds. Demand was the Government the london interbank market currently 8% per cent. The market currently 8% per cent. The first country the Course want to pressed as a discount in the parties. so good that the Government pressed as a discount to the par is-

sue price, total \$15m. Part of this tinued yesterday with the ejection discount is effectively passed on to investors who buy the bonds below from the UK of six more Soviets, including two diplomats and one jour-

London

six more

expels

**Soviet** 

citizens

By Robert Mauthner in London

THE WAR of retaliatory expulsions

etween London and Moscow con-

The move followed urgent discus-

sions on Sunday and yesterday be-tween Mrs Margaret Thatcher, the Prime Minister, Sir Geoffrey Howe,

the Foreign Secretary; and Mr Douglas Hurd, the Home Secretary;

before the Premier's departure for a tour of the Middle East.

number of Soviet citizens expelled from Britain to 31 since last Thurs-

day, when 25 Russian diplomats,

told that they must leave the coun-

Moscow quickly responded by ex-selling the same number of Britons

from the Soviet Union on Saturday,

decision which clearly took the

British Government by surprise by

its scale. In the past, the Soviets

have always kept to an unwritten

"rule" of proportionality, under which the number of expulsions for

pulsions by Mr Derek Thomas, De-

puty Under-Secretary of State. Mr Thomas told Mr Parchine that

the Soviet action in expelling 25

Britons was "a totally unjustified response" to the British Govern-

ments expulsion of Soviet person-nel, "who had been actively en-

action as "an unwarranted victimi-

London, who had defected to the

British, that all six persons expelled

yesterday had been engaged in So-viet intelligence activities in the

UK, a Foreign Office statement

Page 20

pared to accept.

try within three weeks.

nalists and businessmen were

Yesterday's decision brings the

The Government's borrowing cost is lower than for any previous floating rate note issuer, except for \$2.5bn \$1.8bn the EEC's refinancing issue. How-ever, some bankers believed that an even cheaper rate could have been \$1.25nt \$1.05n \$1.05n \$850m achieved if the bonds had been auc \* Refinencing earlier \$1,8bn issue † Redeemed early tioned or if the swap market had

The bonds were popular because the UK is widely regarded as a top quality credit and, since only a few Eurobond issues for nationalised inthe size of the issue from 52bn to dustries have previously carried a UK government guarantee, the name has considerable scarcity val-While the borrowed dollars remain as part of the reserves, the cost to Britain will be minimal. The

The decision to boost UK re serves by borrowing, appears to have been taken some months ago In February, when the five major powers agreed to joint intervention to stop the dollar rising further, it became embarrassingly clear that

Feature, Page 21; Lex, Page 22; Eurobonds, Page 23; Money markets, Page 39

## BL will build gearbox under Peugeot licence

BY ARTHUR SMITH IN BIRMINGHAM

USTIN ROVER, the volume cars bildiary of Britain's state owned BL group, is to build a new gearbox under licence from Paugeot, the pri-vate French motor vehicle concern. The deal, which will involve an £80m (\$100m) investment at Austin's Longhridge factory near Birmingham, marks the first major de-

parture for BL outside its expanding ties with Honda of Japan.
The gearbox will link with the planned K-series small engine, the £250m project at the centre of the recent six-month delay in British

investment plan by buying the France, will be jointly modified to around £100m. small engine from Honda, insisted meet Austin Rover's requirements Austin Rover that the design and manufacturing for small cars.

The gearbox replaces one originative stressed that

Georg Fischer, the Swiss englaneering group, is to switch its production of engine castings for General Motors cars from continental European plants to one of its factories in Britain. This is the first success in an effort by GM, the Vauxhall-Opel group, to in the UK. Page 13

er the replacement for its Metro, codenamed ARS, due in 1988-89. Government approval of the BL Peugeot followed several months of Rover 216. Austin Rover, under government front-wheel-drive transmission said would create 400 jobs, saved pressure to trim its £1.8bn five-year units, still under development in development and tooling costs of

with the Peugeot gearbox, will pow- subject to continuous refinements. als and components.

The Longbridge - investmen phased over three years, will involve new technology and automation but should not cause a loss of jobs, Austin Rover insisted. Higher es would be sought as part of company's expansion pro-

Earlier this year Austin Rover announced a £15m investment at Longbridge and its Drews Lane ents plant to manufacture under licence from Honda a fiveodenamed ARS, due in 1988-89. speed gearbox for use in the two-Austin Rover said the deal with litre Maestro, Montego and the

Austin Rover said the savings

from the Peugeot deal were similar. capacity should be kept in the UK. The gearbox replaces one original it stressed that UK manufacture. Austin Rover said that work was nally introduced in 1959 to power would provide opportunities for loproceeding on the K series which, the old Mini but which has been cal suppliers of machinery, materi-

> believed to have built up a significant stake in Richardson.
>
> The company has ten days to

> respond formally to the Unilever

\$50% yesterday in heavy trading.
Unilever said it had bought 100,000

Richardson shares at between \$46

for a total of \$4.69m. Its offer ex-pires at midnight, New York time,

on October 11, unless it is extended.

Unilever has reached agreements

with banks and institutions to bor-

row up to \$1bn of the purchase price and will provide any extra

Details, Page 28

funds from its own liquid resou

amounting to about \$1.12bn.

## Britain's available reserves were very small in relation to the task. After the agreement, with the U.S., Japan, West Germany and Continued on Page 22

#### reforms, and who had stayed in ofspying was linked to the size of the meeting yesterday of those commitfice despite serious illness and desespective Soviet and British comtees to preview an extraordinary party conference, beginning pite not having made a public apnunities in the two countries. This pearance for over two years. Marshal Ye is now a symbol of meant that the Soviets usually etaliated by expelling fewer Bri-Some 37 party veterans have also resigned from the Central Advisory the declining strength of the mili-tary in Chinese politics. Six of the tons than the original British expul-Commission, and 30 members have 10 Politburo members to leave have Mr Lev Parchine, the Soviet resigned from the Central Discioline Inspection Commission, de-Continued on Page 22 charge d'affaires in London, was ummoned to the Foreign Office last night to be informed of the ex-

below official prices BY RICHARD JOHNS IN LONDON

Saudis to sell crude

gaged in intelligence activity designed to undermine the national security of the UK."

London could only see the Soviet set-related prices for up to 500,000 parrels a day of crude oil proces in its two export oriented refineries sation of innocent people," which the UK Government was not pre-

The latest edition of the Middle There was "incontrovertible evidence" provided by Mr Oleg Gordievsky, the former KGB chief in East Economic Survey (MEES) says that from August the crude in-put would be invoiced at "netback" prices, or a level sufficient to allow a margin of profit after taking into account costs of processing and transporting products.

Yesterday's sharp fall in the FT

The six Soviets have been given | will be disposed of at below official selling rates is bound to depress the until October 7 to leave the country. sagging spot market further after revelations of the 820,000 b/d in-Continued on Page 22 Soviet allies play down expulsion, Page 2; Editorial comment, volved in recent "net-back" deals with Exxon, Mobil and Texaco.

SAUDI ARABIA is to charge mar- Oil Actuaries index from 1,159.95 points on Friday to 1,127.81 was attributed to the Saudi pricing policy changes. British Petroleum shares jointly operated by the Government closed 12p lower on the day's trad-with Mobil and Shell, it was ing at 531p and Britoil was down ing at 531p and Britoil was down 10p at 203p.

On the spot market, Arabian Light, the most important Saudi and Gulf crude, remained steady with a buyer-seller range of \$27.40-\$27.50 compared with the \$28 official selling rate, but rates for North Sea crudes softened. Brent Blend for October delivery dropped News that such a volume of crude to a range of \$27.15-\$27.25 com-

> Mees quotes "top-level Saudi sources" as saying that the switch away from strict adherence to official selling rates towards a more flexible pricing policy was intended

Continued on Page 22

# \*\*\* The second of the second o

## **BNP** in the United Kingdom

BNP is Europe's largest bank, operating in the business centres of over 75 countries.

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#### Unilever's new two-tier bid puts pressure on Richardson board BY CHARLES BATCHELOR IN LONDON AND TERRY DODSWORTH IN NEW YORK UNILEVER, the Anglo-Dutch food would allow it to block a merger. shares in companies which are the target of takeover, bids, are already

group, promising shareholders a management at the expense of higher price for their shares if the other shareholders. back the offer.

continues to oppose it.
The Anglo-Dutch group said in its

formal offer document, published thirds of the shares, yesterday that it was beginning legal action in a New York federal lever's two-tier bid court silleging that Richardson and getting the Richardson board to the its directors violated U.S. securities negotiating table.

Another said: "If Richardson

and consumer products group, yes Unilever also claims the directors terday launched an amusual two-failed in their duty to shareholders tier takeover bid for Richardson-by using corporate assets to benefit Vicks, the U.S. skin and health care the Richardson group and entrench

Richardson board is prepared to Wall Street analysts estimated ack the offer.

Unilever said it would offer \$56 which held a 32 per cent stake in

lever's two-tier bid was aimed at

for each Richardson share, valuing the company before the bid, had the bid at \$1.35m, if the Richardson bought a further 2.5 to 3m shares, to board approves the offer, but only give them a 36 per cent holding. 548 a share, or a total of \$1.2bn, if it enough to block the Unilever bid.

Combines to coonse it.

Under Richardson's articles a takeover needs the approval of two

One Wall Street analyst said Uni-

comes out with a negative response

Unilever first announced on September 9 its intention of making a takeover hid for Richardson worth \$54 a share, or \$1.3bn.

Punjab: 'green revolution' Tornado fighter: partnership breeds Sikh violence ..... 4 succeeds against odds .... 20 U.S.: economic forecast is UK reserves: up go sterling's Technology: a chip that tests Sweden: conservative wind its own faults .......... 8 of change fails to impress 21 Trade: West woos orders Lex: FRN; Unilever; Tarmac; from Czechoslovakia..... 10 Enterprise Oil.......... 22

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**Italian Communists seek** 

closer ties with Socialists

has already termed "uncon-sidered" some of Mr Lange's

remarks about nuclear testing

vessel, the Rainbow Warrior,

address on Sunday night, the atmosphere between Paris and

BY JAMES BUXTON IN ROME

Sig Natta was concluding the

annual two-week Communist party rally, held this year in Ferrara. The gathering saw the flowering of a discreet but

lively debate between party leaders about the future of the

Communist party in Italy
As a result of these failures,

Sig Natta, widely regarded as an ineffective party leader com-pared with his predecessor, the late Enrico Berlinguer, decided

to bring forward the next party

congress by one year to next

## France cool to NZ call for talks on nuclear tests

FRANCE LAST night reacted coolly to an offer by Mr David Lange, the New Zealand Prime Minister, to visit Paris to try to lower tensions between the two countries over nuclear testing in the South Pacific. The Foreign Ministry had no official comment on Mr Lange's suggestion of a meeting in France with President Francois Mitterrand to try to end the war of words between Paris and Wellington, But officials pointed out that the invitation on Sunday by M Mitterrand to Mr Lange and other Pacific leaders was to visit the test centre of Mururoa and not Paris. Both Mr Lange and Mr Bob Hawke, the Australian Prime Minister,

that French scientists visit do it in France. It's absolutely areas of Australia where Britain safe." exploded nuclear devices up

until 1962. "I have one message and one message alone for President Mitterrand," he said. "If President Mitterrand is so interested to prove to everyone in our region just how absolutely safe these tests are, there is one logical conclusion that follows: take his tests back to France and have those absolutely safe tests in metropolitan France."
He added: "He is saying to
the countries of the region come and see how absolutely

He said M Mitterrand's statement had introduced a new dimension into international relations. "The logic of that is, and I understand that the French have a great love of logic, that if you oppose a particular policy of another In spite of M Mitterrand's somewhat half-hearted gestures of conciliation in his televised country then you are its foe," he said. "That introduces à very

Wellington remains hostile.

M Mitterrand referred to New dangerous dimension into relabetween nations. Mr Lange, speaking in Wellington, appeared to be trying visit to Mururoa on Friday.

Mr Hawke, speaking at a news conference at Port Moresby, pick up his trappings and all particularly irked by M how absolutely safe it is. If that's true, then to lower the heat of diplomatic exchanges over the nuclear lissue. But he affirmed that he how absolutely safe it is, pick was not interested in going to the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he how absolutely safe it is, pick was not interested in going to the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he how absolutely safe it is.' If that's true, then to lower the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he how absolutely safe it is, pick was not interested in going to the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he how absolutely safe it is, pick who was due to visit Paris this month as part of a European that the former is a proper in the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he how absolutely safe it is, pick was not interested in going to the heat of diplomatic exchanges over the nuclear issue. But he affirmed that he was not interested in going to the how absolutely safe it is, pick was not interested in going to the how absolutely safe it is. French is the how absolutely safe it is. was not interested in going to month a Mururoa as he wanted to see tour, has M Mitterrand, not a "bomb French The French President coming.

French officials say this is above all because Wellington has made clear it has nothing and the sabotage of the protest to tell Paris about evidence being prepared for court proceedings against two French secret service agents accused of sinking the Greenpeace ship Rainbow Warrior in Auckland barbour in July.

Dai Hayward in Wellington Zealand—although he did not adds: Mr Lange said yesterday mention the country by name— he was prepared to meet the as an "adversary" during his French President "anywhere. anytime" to discuss the Green-

Mr Geoffrey Palmer, the New peace incident. He hoped suca meeting could take place soon and said he was prepared to fit to France.

The Greenpeace affair, and the admission that French spies were operating in New Zealand, has caused an angry reaction against France in New Zealand. Last night, radio commentators were asking why the Government did not expel the French ambassador. There were also calls for the Government to try to stop a New Zealand Rugby

League tour of France. Parallels were drawn with the proposed rugby tour of South Africa which Mr Lange's Government had striven hard to

## Bonn likely to seek pact with U.S. on SDI research

BY PETER BRUCE IN BONN

A TEAM of 30 West German bureaucrats, industrialists and researchers met yesterday to draw up a report that will play a critical role in helping Chan-cellor Helmut Kohl to decide what support Bonn will give to research into the U.S. Strategic

Defence Initiative (SDI).
Early indications are that it will recommend a bilateral agreement with Washington to ensure support for West German companies trying to win research contracts.

Delicate questions about the scale and shape of West German involvement are proving a serious headache for the Government. The Chancellor is keen to ment. The Chancellor is keen to demonstrate political solidarity with the U.S. Administration by agreeing to at least a token, but bilateral, SDI research pact, but he faces deep scepticism from within his coalition.

The 30-strong team returned to West Germany at the weekend after an intensive 10-day

end after an intensive 10-day fact-finding tour of the U.S. Herr Kohl, who was briefed yesterday on the U.S. visit, plans to see President Ronald Reagan to discuss preparations for the latter's summit meeting with Mr Mikhail Gorbachev, the Soviet leader in November. The Chancellor wants to have reached at least a provisional

decision by then.

The delegation have given little away since their return but were clearly impressed with the openness of their hosts. Members of the team, headed by Herr Horst Teltschik, one of the Chancellor's closest personal advisers, have spoken of their "satisfaction" with the information given them and have suggested that at least the preconditions for a bilateral treaty

exist.

The question facing Herr Kohl, however, should the delegation recommend official paragraphic is how? Many to the Chancellor is likely to support this and, at the support this and the support this and the support this attack. be forced to try to keep any government-to-government pact is low-key as possible.

Bonn is also worried that a large West German role in SDI research would anger the Soviet Union and damage relations with West Germany's communist neighbours. Nevertheless, there is con-

siderable pressure for a govern-ment role from business, which argues that a bilateral accord the research programme."

HERR JOHANNES RAU. Premier of the West German state of North-Rhine Westphalia, has put an end to months of speculation by agreeing to be nominated as the Social Democrat (SPD) candidate for Chancellor at the general election in January 1987, writes Peter

Herr Rau (54) is likely to be nominated formally later this year, although his elec-tion as candidate to oppose Chancellor Helmut Kohi will probably only take place at the SPD's main congress in a

year's times.
It was not clear last night the right of his party, had attached any conditions to his agreement. He is known to have argued with Herr Willy Brandt, the party's chairman, over the latter's wish not to exclude the possibility of coalition with the radical Greens from SPD

policy.
The SPD is running close to the SPD is running close to the senior government coali-tion party. the Christian Democrate (CDU) in opinion polls, but Herr Rau stands well above Herr Rohl in re-sonal ratings. He led the SPD to a huge victory over the COU in North-Rhiue West-phalia in May.

would open the way for more research contracts. Bonn is keen to help them, and any accord may be confined solely to condi-tions which would assure the

support from more controversial political and strategic questions. In Washington on Saturday, he insisted there was a wide gap between the SDI research phase on one hand and development and deployment on the oth .. "At the moment we are talking only about the research programme," he said, "and about the question of whether German industry should participate in

#### Belgian businessmen warn about economic recovery

BY PAUL CHEESERIGHT IN BRUSSELS

rejected

Mitterrand's proposal

THE BELGIAN business com- and a substantial reduction in munity has warned candidates for next month's general election that the country's economic recovery is fragile and that measures need to be taken to enhance competitiveness. Economic, social and financial problems must remain a priority

in the next legislature, the businessmen said, implying that time should not be wasted on communal argument between the Dutch-speaking north and the French-speaking south, The four main business federations of the country spelt

ocialist parties, the opposition

in the outgoing Parliament. These policies embrace officially-

The business community is, in effect, asking for intensification of policies followed since 1982

by the centre-right coalition of Mr Wilfred Martens. Broadly the coalition has been seeking to shift resources from consumers to the corporate sector through a mixture of economic restraint policies and measures designed to mobilise private capital.

working hours.

Candidates at the election are being asked to counteract the federations of the country spelt being asked to counteract the out their concerns in a joint letter to all those standing for tiveness that has set in since election to the Chamber of Deputies and the Senate on munity wants wage indexindexation to be applied only a rejection of the economic policies adopted by the burden of social security taxes.

#### Pit accidents anger Spain's coalminers

By Tom Burns in Madrid

SPAIN'S COAL industry faces renewed stoppages and angry protests over safety standards following the third fatal mining accident yesterday in the Asturias region in less than a fortnight. Sixty people have been killed in Spanish pits this party coalition which Sig Craxi heads.

There have been intermittent stoppages in the past two weeks, as well as a full 48-hour strike amid rising concern at what unions claim are deficient safety standards. Miners leaders called for a

further 24-hour halt today as a day of mourning. Among the issues raised by unions are the extended practice of piece rates which motivates miners to ignore burden of social security taxes.

It wants reductions in direct taxation and a permanent system of tax concessions for plt procedures. Unions also sponsored selective reflation savers who invest in Belgium. Say pit inspections are deficient.

Any restaurant that's a member of the

Confrérie de la Chaîne des Rôtisseurs is sure to take off.

ITALY'S Communist Party is to party line towards the Socialist seek closer relations with the party, to which the Communists ITALY'S Communist Party is to seek closer relations with the party, to which the Communists Socialist Party of Sig Bettino have put up bitter opposition Craxi, the Prime Minister, Sig for the past two years—a policy Alessandro Natta, the Communist leader, said at the weekend. But he also insisted that the party must stick to its aim of bringing down the "contraoictory" and "quarrelsome" fiveparty coalition which Sig Craxi

pond to some of the ideas raised during the two weeks of debate. He said that the party would become more than ever "2 party of suggestions and ideas." But he said that the Communist party had no apologies to make to anyone "either for its name or for its past."

This was seen as a firm rejection of the idea, cautiously mooted on the fringes of the party and more openly by outsiders, that the Communist party should cease to call itself Communist and choose a name that reflected more closely the spring. social democratic views of the He attempted to soften the majority of its members.

#### Soviet allies play down row over expulsions

By Leslie Colitt in Prague
THE Soviet Union's allies in
eastern Europe have indicated they will not allow the
escalating row between
Moscow and London to affect their relations with Britain.
Czechoslovakia and East
Germany, two of the Soviet
Union's closest Warsaw Pact partners, yesterday published without comment the Soviet news agency Tass's account of the protest against the expulsion of Soviet repre-sentatives in London.

The four paragraph item from Moscow in the main Czechoslovak Communist newspaper Rude Pravo was displayed on the back pages. In the past Prague Government has gained a reputation of being more vituperative than Moscow in its attacks on the West.

Czechoslovak officials bave made a point of not mentioning the tensions in Anglo-Soviet relations in their contacts with British diplomats in Prague while the partici-pation of UK companies at the current Brno trade fair the current Brno trace fair has been wholly unaffected.
Eastern Europe, in line with the Soviet Union, has not mentioned the defection to Britain of Mr Oleg Gordievsky, the senior KGB official in London.
The low less than a particular than the content of the co

omerat in London,
The low-key approach by
the East Europeans in reporting the expulsions reflects
their unwillingness to worsen
their own relations with
Britain over what is seen as
an Anglo-Soviet dispute.

East Germany has displayed an eagerness to upgrade its relations with London no matter what the state of Anglo-Soviet relations. The East German Government is working hard to improve its es with the three Western allies in Berlin who still have

German states. Reuter reports Moscow: Soviet officials gave a British trade team a normal welcome yesterday as Moscov awaited action by London after the tit-for-tat expulsion order against 25 British

Diolomatic sources said a group of Scottish businessmen was greeted cordially by a first deputy minister and other officials at meetings in Moscow despite the crisis in relations that began with expulsions from London last

Thursday.
The Russians only slightly downgraded the level of reception for the Scotish trade team following the crisis and the decision of Mr George Younger, Scottish Secretary of State, not to secretary of State, not to come yesterday, according to the sources. Mr Younger, a Cabinet minister, had been due to lead the group, from the Scottish Council of Development and Industry. Lord Clydesmuir, the organisation's head, is leading the group, which includes representatives from 17 companies.

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#### **EEC** ministers try to find cash for commitments

BY QUENTIN PEEL IN BRUSSELS

finding the cash to pay for next year's enlargement of the Comaccumulated over several years of budget cuts.

They face a call by Spain for a fairer share of spending in its first year of membership. which could yet leave Madrid as a net contributor to the Community, just like Britain.

The aim of the financial 1986 budget terms for both Spain and len, compar Portugal, agreed by all the member states earlier this year, was to make the early years 34.9hn con of EEC membership neutral. As a result, it was decided they should receive a rebate of on paper,

EEC BUDGET ministers face 87 per cent of their VAT the twin challenge today of contributions in the first year, finding the cash to pay for next

Latest calculations, however, year's enlargement of the Community to include Spain and Portugal, and financing a big some Ecu 3.3bn (£1.8bn) from customs various levies, while getting back some Ecu 1.3bn (£741m) in Community spending and Ecu 1.8bn in rebates, leaving a deficit of some Ecu 200m.

None the less, the cost of enlargement makes the EEC 1986 budget already look swollen, compared with 1985. The European Commission has called for spending of Ecu 34.9bn compared with year's total of Ecu 28.4bn, an increase of some 23 per cent

## Malta and Italy close to bilateral agreement

BY ALAN FRIEDMAN IN MILAN

headed towards a new bilateral agreement which could resolve ong standing disputes between the two countries. It is believed that negotiators from the Italian and Maltese governments have completed the drafts of an agreement which could be finalised in the next few

improve relations since Dr Carmelo Milsud Bonnici took over last year as Prime Minister from Mr Dom Mintoff. The Maltese Government last year imposed a stringent ban on Italian imports and curtailed Maltese travel to Italy in a dispute caused in large part by Malta's bila-teral trade deficit with Italy. Since Mr Mifsud Bonnici took

over as Prime Minister, he has been attempting to repair relations with Rome and has generally been taking a more conciliatory stance towards Western European countries than did his predecessor. Last weekend the Maltese gov- in the next few days.

MALTA and Italy appear to be ernment lifted key trade and travel restrictions, a move which will undoubtedly have been seen in Rome as a goodwill gesture. The following elements form the current basis of discussions for an agreement between the two countries: The Italians may be willing to of-

fer more than \$20m of grants and assistance if the Maltese provide contracts for Italian private compa-Italy may well provide Malta with assistance on the development

of radar facilities and may contribute to a new desalinisation project.

The Italians may provice assitance on road construction. • There may even be a symbolic

\$1m-\$2m credit from Italy to Malta. It is thought that after Malta's goodwill gesture at the weekend (lifting the trade and travel restrictions) the Italians will be watchin to see how things go at a meeting of Western European Christian Democratic parties, to be held in Valletta



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#### **EUROPEAN NEWS**

## Bulgaria puts up prices, cuts imports in austerity package

THE BULGARIAN Government high grade petrol, which until yes has amounced drastic ansterity terday sold at about 1 Lev (\$1 at the measures with sharp price rises to official rate), will now sell at about olates, special sugar and chocordinates the combined effects of a \$1.55, making it one of the most exceptus crisis in agriculture and in the energy sector. Imports of some goods including food and some strinki (100 stotinki to the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the development of the lev) per materials has gone up by 20 to 38 to the levelopment of the lev everages are also to be significant-

to sa

The state of the s

The prices of petrol, diesel fuel, drinking water, electricity and a wide range of food and other conwide range of food and other con-sumer products are all rising to per cent from 6 stotinki to 10 stotin-compensate for the losses inflicted ki. The price of electricity has risen upon the national economy by the by an average of 56 per cent and by natural calamities of 1984 and 41 per cent for domestic users. Do-1985," the Bulgarian Telegraph mestic electrical appliances have Agency (BTA), the official news agency, said yesterday. The measures were agreed by the Council of Ministers on Sunday and heaves

Drinking water for industry is going up by more than 280 per cent from 11 stotinki to 40 stotinki, and

Ministers on Sunday and became ited and their price substantially ineffective yesterday.

Petrol and diesel fuel have been other products manufactured loeffective yesterday. creased. Some imported goods and other products manufactured lo-increased by 35 per cent. A litre of cally under licence have also been

per cent and the price of services by an average of 13 per cent.

Western diplomats say that the measures had been expected follow-ing recent comments by senior gov-ernment officials and Mr Todor Zhivkov, Bulgaria's leader, about large-scale wastage in agriculture and in the use of energy. Agricultural and energy production have both suffered from the effects of a harsh winter and from a severe

The drought has caused considerable damage to agriculture, ruining some major export crops.

## Romania aims to clear all debts

BY PATRICK BLUM IN VIENNA

ROMANIA INTENDS to repay all its foreign debts within the next two or three years and will have repaid about half its 1980 debt by the end of this year, President Nicolae Ceausescu, the country's leader, said in an interview reported yesterday by Agerpres, the official

Romania's gross debt was \$9.6bm in 1980. It rose to \$19.2bm in 1981, its highest point, then fell to \$7.2bn at the end of 1984, according to from the Vienna for Comparative

BY JAMES BUXTON IN ROME

ITALY is to give Austria favourable treatment at the port of Trieste on the Adriatic. This is one of the

principal concrete results of the vis-

it to Rome last weekend by Herr Fred Sinowatz, the Austrian Chan-

Trieste, which used to be the Austro-Hungarian empire's principal

outlet to the sea on its own territory, has not been handling its fair share of Austrian trade since it be-

came Italian at the end of the first

This year, Romania planned to repay \$1.7bn of principal in addition to \$600m interest, but this may be an over-optimistic target in view of the country's cash-flow diffi-culties earlier in the year and the disruptions in industry aid exports caused by the severe winter. Romania recently requested a new international \$150m credit to compensate for shortfalls in its cash flow.

Mr Ceauseson, however, said that Romania would not be relying on foreign credits in the future. "For a long time we used financial credits which led to over \$10bn

Italy and Austria in port deal

part of Italy and Austria. The rail-

way from Trieste across Italian ter-ritory to the Austrian border near Villach, is only single track, al-though it is being doubled, and an

Austria has tended to use Yugo-

slav ports and also directed its trade via the West German port of

autostrada link is not complete.

In part, this is because of the dif-ficult transport link between this be given a 20 per cent cut in taxes

foreign debt at one time.
"We realised that the excessively high interest rates and the financial policies of the great industrial imperialist powers caused very big difficulties and very big dimenties and virtually made the recourse to credits impossible. That is why we decided to resort to foreign credits no longer and start repaying them as

and start repaying them as soon as possible."

The country's return to the financial markets may herald a change of heart in Bucharest, although the country's borrowing is expected to remain limited in the next

when they pass through Trieste and

port charges on Austrian goods are to be cut by one third.

A key beneficiary of the agree-ment is likely to be the Trieste-

Vienna oil pipeline, which in the first six months of 1985 carried 3m tonnes of crude to Vienna. Haly is

The council was pressed by

Poland's Ministry of Finance

the public to participate.

#### Poland's workers fight steel mergers

By Christopher Bobinski in Warsaw

POLAND'S freely elected wor are resisting government plans to centralise the steel industry. It is proposed to amalgamate 60 independent steel producers and related enterprises in one large combine with decisionmaking concentrated at the top. such a reorganisation which runs counter to Poland's decentralising reforms, would in the past have gone through without protest, but the new workers councils in the industry are required by law to approve any merger.

approve any merger.

The councils, which were introduced at company level under the reforms and would in effect disappear as a result of reorganisation in the industry, have been given until Friday to express an opinion.

Friday to express an opinion.

The council at the Baildon works in Silesia which was elected last April by more than 70 per cent of the workers has already rejected the move. The council at the Warsaw steel works, one of the most active in the country, is also expected to oppose k. to oppose it.

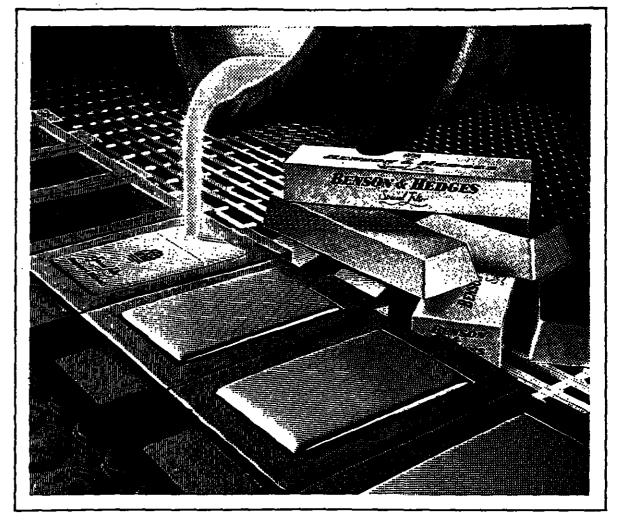
Efforts by council activists to co-ordinate policy on the issue are being closely monitored especially in Silesia where the police have a reputation for heavy-handedness and the authorities are ready to bring pressure to prevent any comme

In a separate development, the co-management council at the Elana chemical fibre works in Torum is proceeding with plans to hold a meeting to group council members from 20 of Poland's largest plants.

the country was pressed by the authorities to call off a similar meeting two years ago, and it is now attempting again to put together a common statement on the state of Poland's economic reform.

is working on a project permit-ting public enterprises to sell bonds by public enterprises to other companies as well as the population at large, it is

The scheme follows the Hungarian example where the sale of bonds has been allowed since 1982. A Polish government go-head has already been signalled for the sale of bonds

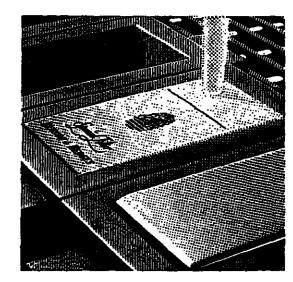


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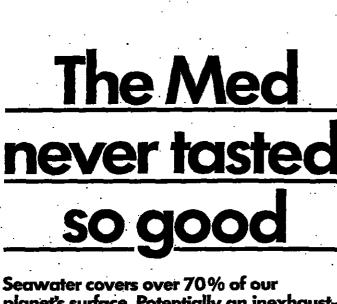
## slav ports and also directed its to drop its requirement that 20 per trade via the West German port of Hamburg. Under the agreement signed at in obligatory stocks in Italy. Krupp engineering for excellence

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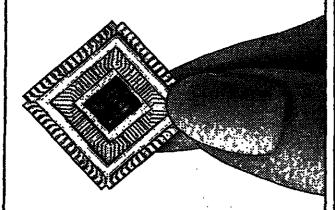
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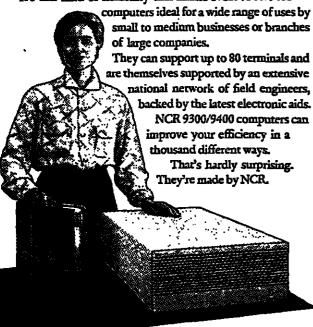
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DEBTOR COUNTRIES AT LIMIT OF AUSTERITY

## Unctad warns over debt burden

BY WILLIAM DULLFORCE IN GENEVA

## **Singapore** acts to defend

By Chris Sherwell in Singapore

THE Singapore Government yesterday acted to "repel" what it called a sustained

speculative short-selling, the Monetary Authority of Singa-pore, the island state's quasi-central bank, drove up over-

Thursday.

Dr Goh Keng Swee, acting chairman of the MAS in the absence of Dr Richard Hu in blunt statement yesterday say-ing the financial markets were "wrong" in their "widespread belief" that the Government wanted a cheaper Singapore

favour of a depreciation—that it would benefit export industries—was also wrong since the local content of Singa-pore's manufactured goods was small. A devaluation would raise the cost of living

as well, he pointed out.

Bankers, however, argued that the Government had recently allowed a gentle slide in the currency, apparently in line with arguments heard in the special Economic Committee now considering Singapore's economic prob-

MAS figures show that up to last month, the Singapore dellar had weakened against the U.S. dellar by only 2.4 per cent compared to the December 1984 level. But it depreciated almost 19 per cent against sterling, 14-15 per cent against the D-Mark and Swiss franc, and 8 per cent

hankers in Singapore believe it would be next to impossible the awesome power of market

#### U.S. unhappy about Aquino murder case

THE U.S. Government expressed dissatisfaction with prosecution of the Benigno Aquino assassination case for the first time yesterday and criticised Pallippine rejection of U.S.-produced evidence, AP reports from Manila. The U.S. State Department,

Lawyers for Gen Fabian Ver, the armed forces chief, 24 other soldiers and one civilian are winding up the defence case in the seven-month trial. All are charged with varying degrees of complicity in the killing of Mr Aquino on August 21 1983, as he returned from exile in

The U.S. embassy released

countries have reached the limits of austerity after cutting

to the embattled countries, com-bined with high interest rates, nade it doubtful whether they

Namibian security forces, backed up by the air force, crossed into Angola yesterday in pursuit of South West Africa

m pursuit of South West Annual People's Organisation (Swapo) forces, operating from Angolan bases. The operation is in response to stepped up military

action by Swapo guerrillas at a time when South Africa, has been pre-occupied by mounting international financial and other

pressures and continuing violence in black townships.

South Africa announced the

final withdrawal of its own forces from southern Angola

last April after announcing that

it had caused severe damage to Swapo infiltration routes from

bases deeper in Angolan terri-

of the statutory wages and prices freeze in July.

The freeze ends in two weeks' time, and the National Unity Government of Mr Shimon Peres has yet to agree

a clear strategy for the high-risk period to follow.

According to Dr Sharon, there is no suppressed inflation in the system: nor does he see

BY ANTHONY ROBINSON IN JOHANNESBURG

imports to the bone and reducthorough re-examination of the ing living standards in order situation and of the policies, imports to the standards in order ing living standards in order to generate trade surpluses, the United Nations Conference on to deal with it." As long as Trade and Development the present situation prevailed, the health of the international The decline in bank lending banking system would be at the embattled countries, com-

He was speaking at the start

of a two-week meeting of Unctad's Trade and Developcould sustain the present large transfer of resources needed to service their debts, Mr Allstair the annual report, published McIntyre, Unctad deputy secretary general said yesterday.

His statement followed the publication yesterday of a restriction of the trade with the annual report, published earlier this month, of the Unctad secretariat. The report concluded that debtor countries' publication yesterday of a restriction benefit to generate large trade

The black "frontline" states

of southern Africa have urged

greater world pressure on Pretoria to end apartheid despite the harm they would also suffer, Reuter writes from Maputo. A communique

tween the leaders of Angola, Botswana, Mozambique, Tan-zania, Zambia and Zimbabwe

welcomed the growing con-demnation of apartheid by

Swapo forces if needed and at the end of June security forces

mounted a hot pursuit operation

which penetrated more than ten

miles into Angolan territory and

tory. It warned at the time that killed 62 Swapo guerrillas.
it would not hesitate to cross the border again in pursuit of a mortar attack, using 88mm and new "Government of national"

Israeli economy 'improvement'

DR EMANUEL SHARON, direct he Government, which is contof the need to maintain tor general of the Israeli cerned to keep the lid on prices economic austerity beyond the

was down to just 3.9 per cent, compared with 16.5 per cent in August, 1984, and the cumulative rise for 1985 is now 159.5 per cent.

The International Monetary Fund agreed that Israel was taking its initial steps towards economic recovery, Dr Sharon said, but it was recommending

more drastic budgetary cuts.

tor general of the Israeli cerned to keep the lid on prices there had been a distinct improvement in Israel's economic performance since the start August 1984, and the cumula-

Western countries

ed after the meeting be-

In fact, Mr McIntyre pointed out, net lending by commercial banks from countries belonging to the Organisation for Economic Cooperation and De-velopment (OECD) had declined by \$2.4bn in the first

Indebted developing countries had managed to cut their collective current account deficit from \$120bn in 1981 to \$35bn last year but it was doubtful whether they could sustain such a draconian shift

quarter of this year.

port by the Inter-American surpluses were frustrating hopes
Development Bank, which declared that Latin American Third World.

The debt service costs if countries in sub-Saharan Africa,
Unctad estimates, will practically double from \$5.7bn in countries would continue to face 1988 to \$11.8bn this year.

140mm weapons, on the residential area of the Oshakati military base in the Ovamboland

war zone close to the border. Yesterday General Constand

Viljoen, chief of South African Defence Force, said that recent weeks had seen a sharp increase

in abductions, intimidation and

sabotage while reconaissance indicated that Swapo's 8th batta-

lion and other special forces were planning further "stand-off bombardments" on military

bases and soft targets in the

Ovambo war zone as well as attacks on larger towns and residential areas deeper into Namibia.

News of the latest preventa-

tive action against Swapo forces

comes three months after the

only partial success. In parti-cular, he has been forced to abandon his plan for continuing controls on wages after October

I and to accept instead a trade

union guartneed of restraint until next April

Dr Sharon said yesterday that he did not believe Israel would

suffer in the months ahead from balance of payments or foreign

currency reserve problems, but he did forecast difficulties in the

policies of the International serious difficulties even if net some Latin American countries Monetary Fund (IMF).

Mr McIntyre called for "a an annual rate of 6 per cent. amounts to 5 per cent of gross national product or more. Mr McIntyre said any action

lengthening of debt maturitles and a softening of the interest rates faced by debtor countries. The financial cost would have to be borne "on some agreed basis" by the international

community.
Governments and interna-tional agericles should increase their financial flows to the developing countries, reschedule debt in multi-year packages and cancel some debts

Countries with a large share of commercial bank lending should consider establishing an international facility to subsi-dise interest rates.

tative of the Namibian people.

The agreement, signed in Washington yesterday, is made up of a standby facility worth SDR 200m and a compensatory financing facility of SDR 115m. The agreement clears the way for the rescheduling of part of Morocco's foreign bank debt, which was unofficially concluded this summer after two years of often arduous negotiations. A steering committee of 10 banks, representing 200 international banks and which is headed by Banque Nationale de Paris and Citicorp hopes the IMF agreement may be signed next month. S. Africans pursue Swapo forces in Angola

Morocco

SDR315m

**IMF** loan

THE International Monetary Fund has agreed to extend a new SDR 315m (£239m) loan

new SDR 315m (1255m) to the Kingdom of Morocco. This will replace a previous facility which expired last March and will run until February 1987, aix months longer than the last one,

The agreement, signed in

to get

Morocco's total foreign debt amounts to more than \$18bn and the renewal of the IMF coalition to which Pretoria and the renewal of the facility was held up earlier this summer by the insistence in Washington, that Morocco meet a certain number of targets, transferred limited powers of internal self-rule on June 17 in defiance of international pressure for the creation of an independent Namibia under the terms of UN Resolution 435 which calls for UN-supervised particularly over its trade deficit, This worsened last year, despite a 30 per cent surge in exports, because of a steep tise

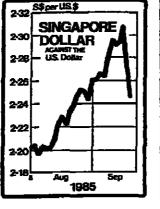
in imports of food and fuel. Swapo refused to take part in what Pretoria calls "an interim government" and vowed to continue the armed struggle. The most recent measures The most recent measures taken to trim the budget deficit include the decision by the Government of Mr Mohamed Karim Lamrani to increase the price of flour, sugar and cooking oil, all very politically sensitive basic foodstuffs. Large in such prices led to Pretoria continues to hold the door open for Swapo participation in a future coalition government, however, and hopes sensitive passe rooustins. Large increases in such prices led to fierce rioting in Casablanca in 1981, but this time there has been no trouble. that continuing military pres-sure on Swapo's armed forces will eventually persuade Swapo to drop its UN-backed claim to be the sole authentic represen-

The new IMF facility will also allow Morocco to start negotiat ing with the Paris Club with which it reached agreement 21 months ago over the reschedul-ing of that part of its Govern-ment debt which fell due in

A meeting is scheduled today in Paris at which the Moroccan Minister of Finance, M Abdelatif Jovahri, will request that about \$3bn worth of Moroccan government debt owed to Paris Club members be rescheduled over an 8-10 year period.

Since the kingdom started: negotiating with the banks in September 1983 it has always paid interest on its debt, and has the same that the same

thus been able to ensure that short-term credit lines worth about \$750m were maintained. Once all these negotiations are completed, the Moroccan Government will be able to concentrate on implementing the many economic and financial reforms it has initiated since November 1983.



# currency

what it canen a sustained speculative attack on its currency, the dollar, which, in the month up to the end of last week, slipped an unusual 5 per cent against the U.S. dollar. In a fresh bid to deter

night money market rates to new highs. At one point yesterday they touched 35 per cent, and at the end of the day the spread was five points, 10-15 per cent.

The Singapore dollar closed at \$52.2425 against the U.S.

dollar as a result, well up on Friday's close of \$\$2.2830 and the recent low of \$\$2.31 last

against the yen.

With the country facing zero to negative growth this year, this trend seems to have fuelled expectations about a currency shift, leading to the latest disorderly market.

The Government, for its part, does not yet wish to see prime rates rise in defence

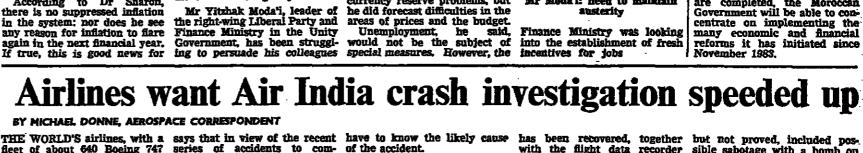
of the currency, precisely because the economy is so

MAS tacties at present appear to be to make the normaily liquid money market extremely tight, thus making it costly to fund transactions in which Singapore dollars are sold on the spot market and bought back in a forward deal.

The final option at its disposal would be to dip into its considerable reserves. But

in a statement released in Manila and Washington, said it had hoped for a "rigorous examination" of the examination of the serambling of Philippine jets around the time of the assassination of the opposition leader. It said one reason prosecutors gave for rejecting U.S. airmen's affidavits on the incident was "wholly without foundation."

to the Philippine press copies of the U.S. statement and of affidavits of U.S. Air Force men about an alleged Philippine Air Force attempt to intercept an aircraft thought to be carrying Mr Aquino and to divert it to an airfield outside Manila.



THE WORLD'S airlines, with a says that in view of the recent fleet of about 640 Boeing 747 series of accidents to compute jets in service, want to mercial airlines, the airlines investigation into the accident to the Air-India Jumbo which to the Air-India Jumbo which crashed into the sea off Ireland on June 23, with the loss of all 329 on board.

THE WORLD'S airlines, with a says that in view of the recent have to know the likely cause of the accident.

"The current uncertainty and cockpit voice recorder, board, and also explosive demands on the flight data recorder and cockpit voice recorder, board, and also explosive on must be cleared up urgently, if necessary by bringing up as played back by the UK's Accidents of the wreckage as possible from the sea-bed so that the Department of Transport is the loss of the Air-India air is the loss of the A

crashed into the sea off Ireland on June 23, with the loss of all 329 on board.

Mr Gunter Eser, director general of the International Air Transport Association, which represents 140 world airlines, in this regard, but first they superior sible from the sea-bed so that the Department of Transport the Investigation can be final ised," said Mr Eser.

The investigation into the investigation into the implement any necessary action are in this regard, but first they is in the Department of Transport the Investigation can be final ised," said Mr Eser.

The investigation into the investigation into the implement any necessary action are into Investigation can be final ised," said Mr Eser.

The investigation into the and no preliminary indication are included accident is in the implement any necessary action are investigation into the investigat

established a panel of experts yesterday to study the feasibility of salvaging more of the wreckage of the Air India jumbo crash, AP reports from New Delhi. Formal hearings begin

John Elliot examines the economic and social factors behind tension in the Punjab

## 'Green revolution' helps breed Sikh unrest

BEHIND THE killings and Sikh fanaticism of India's northern state of Punjab lie the economic and social strains of a developing nation which faces widening gaps between rich and poor, and the unsatisfied ambitions of newly-educated com-munities.

Jealousies and tensions between the 100m-200m people who share directly in India's

growing affluence and the rest of the 730m left behind, often of the 730m left behind, often lead to communal tensions.
In Punjab, India's most prosperous state with a GDP of almost twice the national average, these problems have arisen in the richly fertile, green rural areas. Punjab supplies come 80 per cent in all all all areas. plies some 80 per cent of India's wheat and nearly 50 per cent of its rice, even though it has only 15 per cent of the country's land area.

Punjab's "green revolution" of the past decade, however, has reached a plateau; industrialisation has been hit by the proximity of India's tense border with Pakistan and by the violent Sikh unrest of the past three years.

The gap between the top 10

and the Sikh's agricultural Jet such as Sant Jarnail Singh 



and, as Punjabis and Sikhs, are less patient with their lot than many other communities in India," says a senior civil ser-

vant in the capital city of

Chandigarh.

and at least as many again un-employed with other educational The gap between the top 10 qualifications. Such people are per cent of Punjab's 1.6m agricultural families has widened extremist Sikh religious leaders

India's Prime Minister, Mr Rajiv Gandhi, yesterday toured trouble areas of the northern Indian state of Punjab including the district of Amritsar to boost his Congress(I) Party's campaign in state and national elections which take place on September 25, John Elliott reports.

reports.

Travelling by helicopter and heavily protected by commandes, he campaigned on the basis of the accord on the Punjab which he reached last last month with Sant Harchand Singh Longowal, leader of the Sikhs' Akuli Dal

into Pakistan. They either flee from oppressive security forces,

There are an estimated "An 'A' class student with 100,000 unemployed graduates 80 per cent marks, a possible in Punjab's 16.8m population medical student, was caught and at least as many again ungoing to Pakistan for training. We are trying to persuade him that lots of people can become terrorists but with his abilities he ought to be a doctor or an engineer," says Mr Dilbir Singh, a Sikh educationalist and businessman in Amelecan

The youngsters, using smuggling routes, cross marshland alongside tributories of the River Indus that mark the

Party who was then assaud-nated. Mr Gandhi sppealed to people to "vote fearlessly" in the coming elections. Sikh militants and extremists have been trying to disrupt the election campaign, which started 2 week ago, but there have been no widespread outbreaks of violence so far. violence so far.

The state's Hindu and Sikh of the violence of the past three years. There is a wide-spread belief that the best chance of atability would be provided if Akali Dal won, not Congress(I).

that young men cross and refrom oppressive security forces, who regard any Sikh youth as a terrorist suspect, or go because they will receive armed training from Pakistan.

"An 'A' class student with 80 per cent marks, a possible medical student, was caught going to Pakistan for training, we are trying to persuade him that lots of people can become

and sports goods and new elec-tronics companies. Last year,-businesses were hit by banks, which cut off credit and sup-pliers switching orders. Buyers rarely risk travelling to such a troubled area and a few com-panies have moved out.

Business has also been lost

panies have moved out.

Business has also been lost in Juliandur, where a sports goods export industry was developed after independence in 1947, by Hindus who had been based in Sialkot, now just across the Pakistan border. The biggest company, P. C. Sondhi, which makes brand name goods such as Slazenger. Mitre and Stuart Surridge, kept its £2m a year orders flowing, partly by allowing a month extra for disturbances in every year's production schedules.

It will be difficult to persuade

It will be difficult to persuade many businessmen to invest in the Punjab: there is still too much communal tension and a deep rift between Hindus and Sikhs.

"When Sikhs and Hindus sit police, is criss-crossed with tracks and paths. Goats and buffalo graze and fields are cultivated with rice, wheat and cauliflower up to the sentry posts.

Such cultivation is typical of the intensity and spread of agriculture in Punjab, where wheat production has risen from 1.7m tonnes a year in 1960-61 to 10m tonnes last year, Rice has increased from 230,000 tonnes to 5m tonnes in the

majority Hindus, have no caste system are a myth.)

Educated Sikh youths no Educated Sikh youths no longer want to follow their parents on to the land, which is mainly worked by more than 500,000 poor Hindu migrant states of Bihar and Utter Pradesh.

"They do not want to dirty their hands with agriculture"

"A graduate who goes back to bis village because he cannot at the congress back to bis village because he cannot at the congress and taunted at the congress and taunted at the congress in 40 ft-high same period. Now there is a glut of wheat. Crops are stored at by his family and taunted at the congress in 40 ft-high steel and wooden watch towers. In the open, mainly because of indicated and inadequate national planning.

Whether Pakistan actively their hands with agriculture their hands with agriculture of growing diplomatic controversy. No one in the long that mark the to bis village because he cannot at the congress actives in 40 ft-high same period. Now there is a glut of wheat. Crops are stored in the open, mainly because of in the open, mainly because of in the open distribution to the rest of indicate and inadequate national planning.

Whether Pakistan actively their hindu, in textiles, engineering or three years more."

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reeded

Stewart Fleming reports on why economists are hedging bets on performance predictions

## Growth outlook is anybody's guess

AS President Ronald Reagan micks called this judgment into grapples with Congress over question, the White House the nation's legislative priori-chose to ignore the evidence the nation's legislative priori-ties in the run up to next year's mid-term elections, the sluggish claim that performance of the U.S. another to economy has been in danger of miraculous becoming another factor enterprise." eroding his political prestige.

The economy has spluttered along for a year, caught in a no man's land between growth and stagnation. The first six months of 1985 saw a real rate of expansion at an annual rate of only 1.1 per cent. Only the or only II. per cent. Only the Administration, it seems, is expecting a big improvement in the second half of 1985; the outlook for 1986 is so opaque that forecasters are predicting anything from another boom year like 1984 to outright

An embattled White House, in full retreat on its South African policies and struggling to find a firm footing from which to defend its free trade philosophy, has done a poor job hiding its anxiety about the economic outlook.

Two weeks ago, Mr Reagan seized on a single month's encouraging news about the jobs market to try to drum up some much needed optimism. August's fall in the unemploy-ment rate from 7.3 per cent to 7 per cent and a vigorous gain of more than 300,000 in the

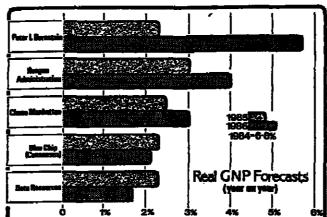
and have the President proclaim that the data was yet another testament to "the miraculous powers of private

Another test of the Admini-stration's economic forecast that growth will surge to an annual rate of 5 per cent in the second half of this year is due on Friday with the publication of the Commerce Department's "flash" forecast for the eco-nomy's performance in the second quarter.

"The flash" is a statistic which many economists wish had never been invented, let alone released to the public.

As a recent article in a Morgan Guaranty publication points out: "it is prepared so early (before the end of a quarter) that it requires Government statisticians to make an unusually large number of assumptions about unknown data."

They have to estimate data which play a dominant role in defining the size of quarterly fluctuations in real growth. So the Commerce Department will have only one month's hard data on business inventories and one month's trade figures available when it publishes its "flash" for the



impact on sectors of the economy sensitive to interest rates such as housebuilding.

Economists who expect moderate growth of around

casters in predicting the flash eered by the Federal Reserve depends as much on their skill since the end of 1984 will in guessing the assumptions made by Government economic on sectors of the made by Government economists about the data they do not have as it does on their ability to gauge current economic trends.

Private forecasters, judging from the Blue Chip survey of private economists, are not expecting the economy to expand at much more than 3 per cent in the third and fourth quarters

Economists note that con-sumer demand has been strong throughout this year. In the first half, consumer spending rose at a real annual rate of 5 per cent, much faster than the 1.6 per cent annual rate of increase in disposable incomes. namper of Commerce who have often bravely outdone the Administration in their projections have cut their second half projection from 45 per cent to only 3 per cent.

moderate growth of around 3 per cent assume that this trend will continue (there is no sign of consumers pulling in their horns at present) and that rather less around that rather less around 1 per cent. Even the optimists at the U.S. Chamber of Commerce who

would help at this stage.

The sudden and unexpected improvement in the trade deficit in July bolsters such hopes, although it is filmsy evidence on which to build assumptions that the U.S. can look forward to trade deficits of not much more than \$100n a month until the end of the year.

would help at this stage.

There are also hopes that inventory rebuilding in industry will boost second-half output following retrenchment earlier in the year. Capital spending, while weakening (if the latest Commerce Department survey

their spending levels to nearer the levels of their income growth perhaps because they also became concerned about the high level of debt they have been taking on, this would have a big impact on the economy's a big impact on the economists performance. Some economists maintain that business is interest already watching warily, prepared if necessary to cut capital brewing



4 per cent level, capacity utilisation in industry is a low 80 per cent, and there still seems to be some slack in the job market nationally. Clearly the current economic cycle is a most unusual one.

The characteristics which make it unusual help to account for the wide divergency among forecasters. Real interest rates,

s anything to go by, sollapsing.

However, merely citing these positive factors helps to underline just how delicately poised the U.S. economy is and to explain why reputable economists can still be in such disagreement about the outlook for 1986.

If consumers were to rein in 1984. Will it fall? If it does will it decline in an orderly way or collapse? How will the Federal Reserve respond to the Federal Reserve respond to the sollar is still strong on the foreign exchanges, as high it decline in an orderly way or collapse? How will the Federal Reserve respond to the way or collapse? How will the Federal Reserve respond to the dollar's decline, aware as it is that a decline will help the frade balance (with a delay) but that too rapid a slump could trigger inflation and put upward pressure on U.S. interest rates.

With protectionist storms rewing on Capitol Hill, the spending back quickly if the farming industry facing another economic climate cools. we more man success of private forenumber of people in jobs was hailed as a clear sign that the economy was "revving up."

Administration in their projection from 45 per cent to only 3 per cent.

Administration in their projection from 45 per cent to only 3 per cent.

Behind expectations of some the form of a further of the form of a further of the normal early warning because it is perhaps no surprise that the second quarter.

Administration in their projection from 45 per cent to only 3 per cent.

Behind expectations of some the form of a further of the normal early warning because it is perhaps no surprise the form of a further of the normal early warning industry facing another severe shakeout and the finance of the final assessment of how only 3 per cent.

Behind expectations of some the form of a further of the normal early warning because it is perhaps no surprise the form of a further of the normal early warning industry facing another severe shakeout and the finance of the cial sector nervous about some that the form of a further of the normal early warning the stock market as well deterioration in the foreign in the success of private economists are hedgered in the consumers pulling in the restriction from 45 per cent to only 3 per cent.

Behind expectation from the first half deterioration in the foreign in the success of private economists are hedgered in the form of a further of the normal early warning that the foreign in the stock market as well deterioration in the first here horns at present) and their horns at present) and their horns at present) and their horns at present less domestic and Third World demand will leak overseas in the foreign of the normal early warning of the conomic climate cools.

Such uncertainty is all the cial sector event to the revent head of the normal early warning of the

## Foreign investment in U.S. continues to recover

BY TERRY DODSWORTH IN NEW YORK

mitments to the market.
According to a report by Mr
David Bauer of the Conference
Board, the New York-based business information organisation total foreign investment activity rose to 325 units last year, an increase from 280 in 1983 and 271 in 1982. This figure was well below the peak of 484 reached in 1979, but continues the upward trend re-established in 1982 after three years of

The Conference Board statistics measure the number of individual investment decisions ment funds. According to Commerce Department figures, the value of all foreign investment in the U.S. stood at \$160bn (£119bn) at the end of last year, about 17 per cent more than the previous year, with manufac-turing accounting for only 35 per cent of the total against 40 per cent in 1980.

The increase in the overall value of foreign investments

is also reflected in the figures on manufacturing, where the size of new commitments has continued to grow.

Mr Bauer says that the purchase of only five U.S. companies last year almost equalled

THE NUMBER - foreign in the total value of all the more vestments in U.S. manufacture numerous manufacturing investing jumped by 16 per cent last ments in the U.S. in 1979. Four year, mainly as a result of a of these acquisitions were made by European companies — the of these acquisitions were made by European companies — the \$1bn paid by BASF of Germany for Inmont, the \$3.4bn acquisi-tion of Carnation and Cooper-Vision by Nestle of Switzerland, U.S. corporations. Last year around 80 per cent of their new commitments involved construc tion projects, against only 60 per cent for all other foreign and the purchase of Beatrice's chemical business by ICI. The fifth large acquisition was Scovil by First City Industries of Canada.

Investment by developing countries remained relatively small last year, but now includes the Taiwanese company, Formosa Plastics, and three South Korean groups. Gold Star, Hyundai and Samsung.

The most outstanding feature of foreign activity last year was of foreign activity last year was
the extremely rapid build-up of
Japanese investments, which
for the first time outnumbered
those from any other country—
and by a substantial margin.

Japanese companies account.

Japanese companies accounted for 87 of the investments.
followed by 56 from the UK,
46 from West Germany (the
leading investor back in the
record year of 1979), and 33
by Canada. France had 22
investments and the Nether-

### Current account deficit hit by poor trade figures

BY STEWART FLEMING IN WASHINGTON

\$2.5bn fall in exports, particularly agricultural shipments which declined for the second consecutive quarter, coupled with a \$1bn rise in imports to \$86.2bn accounted for the rise consecutive the state of the county of the second test and a state of the second test and a state

in the trade deficit.

The rapidly deteriorating trade balance has helped to stirup: protectionist fever on Capitol Hill. President Ronald Reagan is expected to make a major speech on the Administration's trade policy next week,

THE U.S. current account defending its free trade philo-deficit rose to \$31.3bn (£23.7bn) sophy while outlining new inidencit rose to \$3.300 (223.701)
In the second quarter as an increasing merchandise trade, deficit was partly offset by an increase in net service income.

The trade deficit, which is expected to hit, a new record in 1985 totalled \$33bn in the second quarter, up from easier for companeis threatened \$29.5bn fall in exports, particularly with foreign competition to \$25.5bn fall in exports, particularly increases in an experience of the second quarter. tiatives aimed at countering "unfair" trade practices abroad.

As part of this initiative, the

#### ICC warns against isolation of South Africa

BY CHRISTIAN TYLER, TRADE EDITOR

national companies from South and believed it should be

national companies from South
Africa would "weaken the pressures for change and would
probably lead to development
of a siege economy," the
International Chamber of Commerce argued yesterday.

Claiming to represent the
views of 7,060 companies and
employer organisations worldwide. ICC delegates told a

and believed it should be
"abolished as quickly as
possible."

The ICC's paper had been
derafted by a working paper of
about six members from
South Africa, chaired by Mrs
Doreen Wedderburn,
An 11-member UN panel was
verteday heripains three days

views of 7,060 companies and employer organisations worldwide, ICC delegates told a United Nations panel in New York that disinvestment could mean the black community "losing some of the gains it has recently won."

"The isolation of South Africa through the disengagement of international business would damage the economic prospects and encourage destabilisation, not only of South Africa itself, but also of the neighbouring states."

At the same time the ICC said it opposed the South 100 posed the South 100 posed the South 110 posed the Gold posed the South 110 posed the South 110 posed the Gold posed p

#### Garcia sacks army chief BY DOREEN GELLESPIE IN LIMA

PRESIDENT Alan Garcia sacked the chief of the joint staff of the armed forces. Gen Cesar Enrico Praelli and announced that three army officers would stand trial for the death of seven people discovered in a clandestine grave last week.

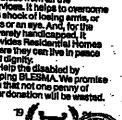
The discovery was made at Pucayacu in the Ayacucho area, the centre of the anti-subver-

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Financially it could have been the full price of the system chosen from First Computer is at least £4,000. embarrassing. Business-wise it looked like a disaster. Fortunately Mr Johnston knew No other micro computer someone with the good sense to tell himretailer is currently prepared to match this offer, which is available to all first to consult First Computer. Something he should have done time buyers. As well as people like Bob Johnston. in the first place. First Computer can do it First Computer made Bob an offer that made him wish he'd refused all others because their whole business philosophy They said they'd buy back his is based on supplying only individually old machine, provided that he bought tailored micro packages. a new system from them. They operate a comprehensive And they promised never to before and after sales service that gives sell him a computer he can't use. you a free introductory consultation before you decide to buy anything. That saved Bob Johnston's bacon. It will also save him money When Bob Johnston found Then they like to keep in touch, Because should his he'd been sold the wrong business micro, in case your circumstances alter. needs change during the first Computer gave him £1,500 In which case they're there year of operation, First Computer will to help you face up to the changes. to mop up the mess. repeat their offer. Ad infinitum. For details dial Freefone First Continuing to buy back the Computer on 100. Speak to lan Slater or computer for 50% of the original price write to him at First Computer, Liberty House, Regent St, London WRI 5DE. up to a maximum of £1500. Providing A system tailored to your business. BIRMINGHAM - BRISTOL - CROYDON - MANCHESTER LONDON (HOLBORN - MOORGATE - PICCADILLY) - LUTON - SLOUGH

## Jobs-new fears in the industrial heartland

announcements in recent weeks has raised fears about the health

of the manufacturing heartland. Davy McKee, the engineering contractor, has called for 300 to go from its Sheffield factory. CompAir, the compressor-maker. has announced 500 redundancies at its Cornwall plant. Raleigh bicycle group has said another 220 will be shed from its troubled Nottingcontractor, has called for 300 to

ham factory.

Do these and other similar announcements indicate a slump in manufacturing is on the way? in manufacturing is on the way:
Are companies losing ground
again to foreign competitors?
Or are these redundancies
just part of the continuing
process of making industry
leaner and fitter, with some
companies perhaps realising
rather late in the day that they
must become much more must become much more efficient if they are to survive?

All of these and some other explanations apply, depending on the sector or company involved. The main cause, however, still appears to be the drive by manufacturers to maintain and if possible improve

competitiveness.

The bad news as far as jobs are concerned is that this drive is likely to continue indefinitely. Competition from manufacturers in various overseas countries will not go away, while new manufacturing technologies will enable companies to improve productivity through automation. Thus even the most suc-cessful manufacturers can be expected to continue shedding

In his Budget last year the Chancellor, Mr Nigel Lawson, hoped that by reducing capital allowances he might shift the bias away from labour-saving investment towards investment which might create jobs. Even if this has happened in some instances, it is certainly not changing the downward trend of employment in manfacturing.

Mr Denis Allport, chairman of Metal Box, the packaging group that has restructured in the past year, leaves no doubt about the group's thrust:

" If more productive methods develop, we will have to go for them. That may mean fewer employees. If we did not make things in the most efficient way, we would not sell them."

The good news is that Metal Box and many other UK manufacturers are investing heavily in improving products and pro- Some companies appear to cesses, often with dramatic have slow to respond to the

Ian Rodger examines the reasons for the latest rash of redundancies

Its return on capital has doubled from 11.4 per cent in 1981 to 22.5 per cent last year. In spite of a flat sales trend MB's sales per employee have more than doubled over the same period. Similar improvements can be found. ments can be found across industry.

The remaining worry, however, is that not enough investment or rationalisation is happening to prevent the decline of some key sectors. The latest forecasts from the Con-federation of British Industry call for the economy to grow by 2.8 per cent next year but manufacturing output to rise by 1.5 per cent only.

The Engineering Employers Federation foresees a flat out-look at best for mechanical engineering sectors. This suggests the shakeout here will continue.

Worse, the two-year boom in Worse, the two-year boom in capital spending by manufacturing companies is widely forecast to end this year. The EEF, for example, believes fixed investment by manufacturing companies will fall L5 per cent next year, even though the cur-rent level of capital spending is still well below the 1979 peak

Also, the growth in producrapid in the early 1980s because of the massive labour shakeout, has slowed considerably. The confederation is looking for a 3.5 per cent rise this year and a per cent next year compared with a 5 per cent last year. The latest rash of redundan-

cies in manufacturing industry can be categorised in five • The traditional nationalised

industries dealing with a heritage of gross overmanning. The National Coal Board's workforce has plunged by a net 18,400 in the past year, British Ship-builders and British Steel, which are much further along in the drive to becoming normal commercial businesses, have shed another 13,000 between

Elsewhere among nationalised manufacturers British Rail Engineering announced 4.800 redundancies last spring and Royal Ordnance is dropping nearly 2,000 as it preeus for privatisation.

results. MB has invested £285m tougher trading climate of the past year in response to long. nearly 1,700 in the past year. in the past five years, 30 per 1980s. While most manufacterm negative trends—over. There are also a few cases of cent more than its depreciation turers went through a major capacity and falling demand for companies abandoning busi-



Denis Allport of Metal Box: "Productive methods may mean

fewer employees

labour shakeout in 1981 and 1982, others thought they could ride out the recession. Many are now trying to conduct urgent surgery before it is too

Shell closed its Teesport refinery and rationalised another at Stanlow, with comregent surgery before it is too bined job-losses of about 1,000. late.

Family controlled Gestetner Landarcy, West Glamorgan, has long been criticised for slowness in cutting costs and Chemicals closed a Bakelite

EMPLOYMENT & UNEMPLOYMENT

6 The main cause still appears to be the drive by producers to be competitive?

responding to the challenge of low-cost copiers in its tradi-tional markets. Early this year, however, it closed most of its North London factory with the loss of 500 jobs.

Drastic moves often occur after a change in management or ownership. The recently or ownership. The recently announced reduction of the CompAir workforce at Camborne, Cornwall, from 807 to 310, for example, came only a few weeks after State Co. a few weeks after Siebe Gorman group bought it from LC. Gas.

The redundancies were presented as the only alternative to plant closure. Mr Vernon Cobb, Siebe secretary, said the plant was still making losses in spite of an investment programme and was not viable.

The Ferguson division of Thorn-EMI was reorganised in July with the loss of 1,000 jobs following boardroom changes. A few days later Sheffield Forgemasters, which had just brought in a new managing director, announced 520 redundancies.

 In a couple of large sectors, mainly oil-refining, companies decided on major surgery in the

moulding materials plant in January, eliminating another 350 jobs.

The electricals sector is something of a special case. The electrical engineering industry remains the leading growth sector in UK manufacturing. Output was up 14 per cent last year and forecasts show con-

next few years. Some main UK companies, however, General Electric, and STC, have had a difficult time in the past year and have been closing factories and cutting workforces.

tinued strong growth in the

Their problems stemmed in part from the efforts of their principal customers, British Telecom and the military, to become more cost-conscious in purchasing policies.

GEC, which has announced tories in the past week, acknow-ledged there was a colder wind in the air and that this was causing it to have a sharper look at operations.

STC has cut 2,700 jobs in the past nine months and Plessey nearly 1,700 in the past year. nesses. In the past year Cape Industries abandoned the fibre-insulation business, Metal Box left flexible packaging, Philips stopped making washing-machines in Britain and Manester Steel gave up the steel

By far the most redundancies. however, comes from companies cutting labour as part of rationalisation schemes simed

at improving competitiveness. These may arise following takeovers, such as J.I. Case's acquisition of International Harvester or Grove Cranes's acquisition of Coles Cranes. Both caused several hundred redundancies in the past year.

Many other companies constantly work on investment projects to make processes more efficient or improve products. These usually involve labour cuts.

BICC, for example, announced closure of an old cable factory at Prescot, Merseyside, last December with the loss of 430 jobs but simultaneously launched a £19m investment in a new factory to make ontiral. a new factory to make optical-

fibre cable.

Birmid Qualcast is closing the C. & B. Smith foundry at Wednesbury, West Midlands, but is also accelerating a modernisation plan at its Derby foundry. Guinness closed two metal bottling and canning factories

in Liverpool this year, transferring work to a new, highly-automated £4.5m plant.
Others have had to make redundancies simply because markets have turned sour or im-

portant prospective contracts have not materialised. Raleigh has had management problems in the past year but its latest redundancies were mainly due to the negative effects of the cold summer on

Davy McKee was hoping its refurbishment of British Steel's hot strip mill at Port Talbot would lead to other similar con-tracts abroad but it has been unsuccessful in a couple of bids and last week announced 300 of the 1,500 workers at its Sheffield plant would have to go.

Davy was at pains to say it was not backing away from any of its businesses or from world markets. Whatever the reasons for the redundancies given in each case there is no doubt there has

been a sudden surge of announcements in recent weeks.

the paucity of announcements in the previous few months. Ferhaps managers had been postponing redundancy decisions in the hope that the rapid growth of the first quarter would continue Now that the balance of

managerial opinion—as re-flected in the confederation's monthly trends enquiry—seems to have settled on the view that there will be little or no growth in the next year or so, rationalisation decisions have followed fairly quickly.

There is also the possibility that for political reasons the flow of redundancies may soon even increase. Industrialists have noticed that the next General Election is not far away.

They could reasonably con clude that their freedom to eliminate jobs might be eroded if the Conservatives were defeated, and so they might decide to take advantage of the opportunity to make needed cuts while it is still there.

The main impetus for eliminating labour in industry will however, continue to come from the drive to improve produc

Mr John Wilkinson, managing director of Esab, the welding-equipment and supplies group, says the group has cut its work-force by 80 per cent in the past five years and is investing heavily in more efficient equipment. "But there are still some areas of the business where sales per employee are far too

Mike Hoffman, managing director of Babcock Inter-national, says: "As you invest, you have to get the numbers down. The growth rate is not phenomenal these days, so one way to increase productivity is through redundancies."

Many companies now make investment proposals contingent upon agreement on workforce cuts. Last week British Alcan said it would invest £10m at its Rogerstone rolling mill, South Wales, provided unions agreed to more flexible working practices and a phased cut of 200 jobs.

To some, the process of improving products and productivity by eliminating labour may seem self-defeating. Manu-facturers, however, now be-lieve their main role is to create value, while leaving most of the problem of creating employment to others.
As Mr Allport of Metal Box One analyst suggested it was only create employment if we perhaps more valid to observe create more wealth."

BLANCPAIN 100 A masterpiece of Swiss watchmaking Watches of Swifteenland Ltd.

**Company Notices** 

**HOROLOGISTS** 

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Bhyvoaruitziche Gold Company, Limited 12th to 18th October 1985 By order of the Boards V. M. MURTON Manager and Secretary

To the Holders of

NIPPON SUISAN KAISHA, LTD.

U.S.\$30,000,000 31/4% Convertible Bonds 1995 NOTICE OF FREE DISTRIBUTION OF SHARES

AND
ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 of the Trust Deed dated August 30, 1985 under which U.S.\$30,000,000 3½% Convertible Bonds 1995 were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.08 share for each one share will be made to the shareholders of record as of 15:00 hours (Japan Content of the shareholders of record as of 15:00 hours (Japan Content of the shareholders of the shareholders

Time) September 30, 1985.

As a result of such distribution, the Conversion Price at which Shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5(C) of the Bonds, from 408 Japanese Yen to 377.80 Japanese Yen, effective October 1, 1985.

NIPPON SUISAN KAISHA, LTD. Dated: September 17, 1985

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2826



# How good were the good old days?

Village weddings, then as now, were great events, but for most country folk in 1883 everyday living was less than

Houses (1) were picturesque, perhaps, but pretty spartan, and clothes (2) hot and heavy. For most, life was narrow, confined by rough dusty roads (3) and traditional transport (4).

How things would change, in just a

icw years. The first motor car took to the road in 1885: the aeroplane soon followed. and within another 60 years space flight was a reality. The modern chemical industry was developing, with Bayer one of its pioneers.

The company produced a synthetic

rubber for car tyres in 1915; it developed the polyurethanes and engineering plastics that make today's cars safer and lighter, thereby combining comfort with economy; its high performance paints protect ocean liners and oil rigs; oil well chemicals help bring oil and gas ashore from the North Sea.

In the home, many Bayer products

bring benefits which today's young couples probably take for granted. Dralon, for example, brought the practical luxury of quality, easy-care manmade fibres into furniture, curtains and light and colourful clothing - a far cry from the drudgery of an old

The hundred years since this picture

was painted have brought much change, and not all of it has been for the better. But helped by the contribution of chemistry, horizons for the great majority are certainly wider, and the quality of life far better than it was in the good old days.

For more information about Bayer and a colour print of this painting, please write

to: Dept. A, Bayer UK Limited, Bayer House, Newbury, Berks. RG13 IJA.



Improving the quality of life.

## developing artificial intelligence

U.S.-based semiconductor and computing company, has introduced a processor for single user "symbolic" processing, with a starting price of

Known as Explorer, the computer is intended for the development of artificial intelligence systems and has been from technology licensed to the company by the Massachusetts Institute of Technology and LISP Machine

Corporation.

Symbolic processing is the cornerstone of artificial intelligence (AI) systems, Instead of, say, "crunching" numbers, or processing text, AI systems work in terms of "symbols," which are objects, concepts, proporties or relationships reproperties, or relationships re-presenting and manipulating knowledge and information encoded in the same way that humans think.

Symbolic processing addresses symbolic processing addresses unstructured problems and the interpretation of information. It uses "rules of thumb" and might deal with uncertain or incomplete information.

Such processing needs a powerful machine and much memory if the tasks are not to take an inordinate time. The Explorer entry-level system in-cludes a LISP processor, two megabytes of "chip" memory,

Texas is no novice in the Al hardware area. It recently con-cluded a multi-million dollar contract to develop a very large scale integrated (VLSI) chip for the DARPA, the U.S. defence agency.

## Texas aid to Plessey prepares to launch a chip which tests itself

will be in production before the end of the year, claims Profes-sor William Gosling, technical director of Plessey.

The self-testing chip — the

world's first, he believes — is the outcome of a research programme Prof. Gosling initiated and persuaded the Plessey board to approve shortly after arriving from Bath University in 1982. It began in a small way but will this year cost nearly
film — all paid for by Plessey.

The chip has a built-in test
circuit designed to explore
every possible fault — including any in interconnections — at the chip's full operating speed. At this stage of develop-ment it occupies 20 per cent

of the total circuit area but its designers predict this will fall to 5 per cent with increasingly large-scale integration. When he left academic life, Prof. Gosling brought a vital message to Plessey, makers of custom-designed chips, about the so-called "silicon crisis." The problem was not how to design and make integrated circuits with sub-micron characteristics — line widths finer than one micron — as was widely believed. "Anyone pre-pared to make the investment

can already make one-micron silicon," he says. As Prof. Gosling saw it, the real crisis in silicon was how to test chips that are becoming dauntingly complex, highlydisplay, keyboard and mouse, integrated systems incorporat-and Winchester mass storage of ing huge amounts of logic. 140 megabytes. Also included is a LISP software licence and a sold which are less than 100 per cent tested. Testing com-plex chips fully can be as costly as the entire production cycle.
To tackle the problem, he fused activities at two research centres:

Caswell near

Plessey's research director, which specialises in semi-conducting materials and devices; and his own base Roke Manor near Southampton. Roke Manor, formerly a systems research centre specialising in

research centre specialising in the software tools needed to vided the system's thinking and design such a circuit, which software engineering for the they call their structured hard-collescenter chin. self-testing chip. ware design environment.

The aim of the new silicon (SHADE). With SHADE they engineering group is to span can take an otherwise com-

the case of another semiconduc-tor such as gallium arsenide, the scientists say.
At Roke Manor they have set

#### Plessey's Prof. William Gosling set out to solve the problem of testing today's dauntingly complex chips, reports David Fishlock

and engineering of integrated circuits, says Dr John Laycock, its research manager. His group has rethought the relationship. It has come up with a new one. in which the chip designer works with a few sub-systems instead of the myriad individual "bricks" — transistors, gates, memory cells, etc—from which he builds his integrated circuit

They call it "design methodology incorporating self-test"—DEMIST. It requires only three kinds of sub-system, called structured building blocks (SBBs). With permutations of these three SERS the sale (SBBs). With permutations of these three SBBs, the chip designer can capture all aspects of an integrated circuit, including the facility to test itself completely, and to go on asking "are you still working?" throughout the life of the chip. The three SBBs are a logic

the present void between design plete chip design and rework it to provide the self-testing feature. Alternatively, a designer can use SHADE to design a new self-testing circuit from scratch, entirely from SBBs.

> The extra chip area needed to make a typical 10,000-gate chip self-testing is no greater than 20 per cent, they claim. When designers reach 50,000-gate chips, this area will fall to about 5 per cent. They claim there is no size of chip design tested automatically in this way,

Plessey has applied for patents on key features of the SBB design concept and the self-testing circuit. The selfesting circuit itself starts with a German concept called Bilbo. to which three extra operating modes have been added. Caswell has designed a demonstration centres: Caswell near unit, a memory unit, and an self-testing chip which it Towcester in Northampton- arithmetic unit. These blocks expects to be making this shire, run by Prof. John Bass, interface directly with each autumn. It is a signal proces-



Prof William Gosling

sing chip "of fairly general purpose—not a toy," says Prof Goshing.

Plessey is debating the best way of exploiting what it believes is a world lead. Inside believes is a world lead. Inside the company, designers are already clamouring to use the SHADE facility, with Plessey Marine in the vanguard to use it to build the first self-testing electronic system. But should the company design circuits for others to use?

others to use?

Defence electronics is the most obvious target, for complexity accounts for the very high cost of field support for the armed services. Dr Laycock says the in-service cost of maintaining British service equip-ment can be three times the initial cost. But Plessey believes the Ministry of Defence is unlikely to accept a single source for such an important innovation as self-testing.

Whatever Plessey's decision on exploitation, Prof Gosling is confident that his self-testing circuit is bound to make Hie very difficult for those who make automated test equipment

for chips.

The next big challenge for Plessey's silicon engineers is the chip that can repair any faults its finds. If the test cir-cuit can pinpoint a fault, it should also be able to work out a way of bypassing the fault, provided enough spare capacity has also been designed into the

## Focusing on a more specialised market

#### Video & Film

BY JOHN CHITTOCK

THE WORLD total of videocassette recorders is nearing 100m, but the billions of miles of video-tape running through those VCRs will mean little to the industry unless it makes a scientific assessment of one vital component. Unpredictable, little understood, yet crucial, that component is the viewer.

As they approach a landmark in VCR penetration, programme makers, distributors, manufacturers, advertisers and even broadcasters keep trying to probe the minds of those users —accepting, perhaps the advice in an old management training aphorism: "Selling focuses on the needs of the seller, marketing on the needs of the buyer."

With the business now soft-

ware-led, analysis of the cus-tomer is essential to successful forward planning, which is why there is no shortage of expensive reports surveying various parts of the market. For example, when Esquire maga-zine discovered from research in the U.S. that 50 per cent of young professionals in the 24-to 33-year age group owned VCRs, it prompted them to plan a programme series tailored for this market. Titles in the socalled "Success Series" reveal the influence of such research on their programme targetting
—Career Strategies, Short Order
Gourmet, Professional Styles
and Wine Adviser. Just the back-up needed for the proud, first-time holder of an American

Express eard.
Last week in London,
National Video Corporation disclosed an even more specialised approach to the market with the publication of research into the world audience for opera and ballet. NVC's principal business is producing television and video programmes at leading opera houses around the world —it has more than 40 produc-tions in the can—and an accu-rate assessment of the size of this market is clearly important. The study reckons that in the UK alone, the total, unduplicated audience for opera and ballet on TV is between 7m and ballet on TV is between 7m and 10m people. Other NVC research predicts the worldwide video-cassette sales of each of its leading titles will total nearly 100,000 units in five years.

One trend which emerges from such research is that the

future of video may start to rely more on specialised pro-gramming and less on the staple diet of feature films. The U.S. newsletter Video Marketing has recently published its own estimate of the all-time top 100 selling videocassettes. At num-ber one with 850,000 units— ahead of Raiders of the Lost Ark and Gone with the Wind is a keep fit tape, the now famous Jane Fonda's Workout. More modestly, the children's

tion for distributors, and various companies are producing material aimed at this most enthusiastic sector of the VCR-viewing public. In the UK, for example, Vestron Video is about to launch the Children's Video
Library, closely tied in with
marketing collectables such as
computer games, greetings cards

up-market, as the evidence of Esquire and companies such as NVC tends to confirm.

A report from The Economist Intelligence Unit, Home Electronics: The UK Market, claims audio-visual equipment, including VCRs and home computers, takes up two-thirds of the average person's leisure time and £5,300m of total spending on entertainment. It is against this kind of headers and the this kind of background that the market for specialist video software begins to make busi-

ness sense. Such is the confidence in this sector that the U.S. is to have its own programme market devoted exclusively to home video programming. From next April, the New York Home Video Market aims to bring programme suppliers and con sumers together—one objective behind the recent Vidtel show in Birmingham.

One dilemma remains as the with the needs of the video consumer. Rent or buy? The growin volume of video software turnover has been achieved mostly through the fast turnover of the rental market. But some regard rental as a messy business, difficult to control and less profitable than sales. Rental is strongly linked to the specialist video shop. In the U.S nearly 85 per cent of video lets comes from rental, whereas audio record stores take more than 66 per cent of their video revenue from sales

Such statistics demonstrate differences in video viewing habits which the spread of specialist programmes may begin to sharpen. Rental appeals to the casual viewer who seeks ephemeral entertainment and is unwilling to nav ment and is unwilling to pay much for the pleasure. Pur-chase attracts the collector— the kind of customer more likely to patronise record shops. But until recently, the range of "collectable" programmes has been limited, often of poor quality, or simply submerged in the dazzle of Hollywood

For example, it may surpris VCR owners who read the tech nology page regularly to learn that the BBCs outstanding Horizon series was listed in their consumer video catalogue more than five years ago, cover-ing subjects ranging from astronomy to zoology. It is the sheer size of the

hardware market now that has revived interest in the specialist viewer. Who better than the Americans to exemplify this marketing discovery and how better than with the video-cassette release of a series of sermons by Bishop Sheen? BBC Video has gone almost as far by making a compilation of Songs of Proise available on

If buyers come to outnumber renters one technological dis-appointment of recent years may at last fulfil its promise the video disc. It is the perfect colector's medium, with higher from wear and in wolume runs—a potential for lower duplicating costs than video-tape. It is also child-proof and cannot be erased.

The future for the consumer video disc could be redeemed through the really discriminat LAURARY, CHOSELY LIEG IN with through the really discriminatmarketing collectables such as ing collectors—the harder-tocomputer games, greetings cards ing collectors—the harder-toplease who appreciate such qualities. Maybe they are
It has been a popular belief hiding—awaiting discovery by that all VCR owners tend to be in the lower rather than higher the 60 per cent of TV housesocio-economic groups; but VCR holds still without video of any ownership is now moving more



#### Better way to control metal strip

DAVY McREE, the British. engineering contractor, and Sumitome Metal Industries, have developed an improved; system for controlling the flatness of steel or aluminium; strip as it is being relied. The system, called Vidiplan-

VC, combines the Vidiplan flatness control system developed by Davy McKee a few years ago and Sumitomo's VC roll can adjust flatness across the strip width whereas conventional roll bending in-finences mainly the edges of

Sumitomo and Davy have evaluated the system on a high speed foil mill in Japan-and achieved an operating speed of 1,560 metres a minute.

#### Reversing brake pulls trucks up short

A DEVICE which can stop a laden commercial vehicle at normal reversing speed within three inches is being marketed by Avon, the tyres group. It can be fitted to the tail-end of a commercial vehicle in less than three hours, the company claims, and will operate on all com-mercial vehicles and trailers with air brakes or air-over;

Originally conceived by Fisher Westmereland, the device has been developed by Avon, which has set up a specialist division to manufacture and market it world-

It can operate only when the vehicle is in reverse gear; ence applied, the brakes cannot be released until the driver takes the vehicle out of reverse.

Avon is on 02216 2911.

#### Design aid for engineers

A SUITE of computer programs for structural engineers
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minutes instead of weeks has been developed by John Reid and Sons of Christchurch,

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Reid is on 0202 48333.

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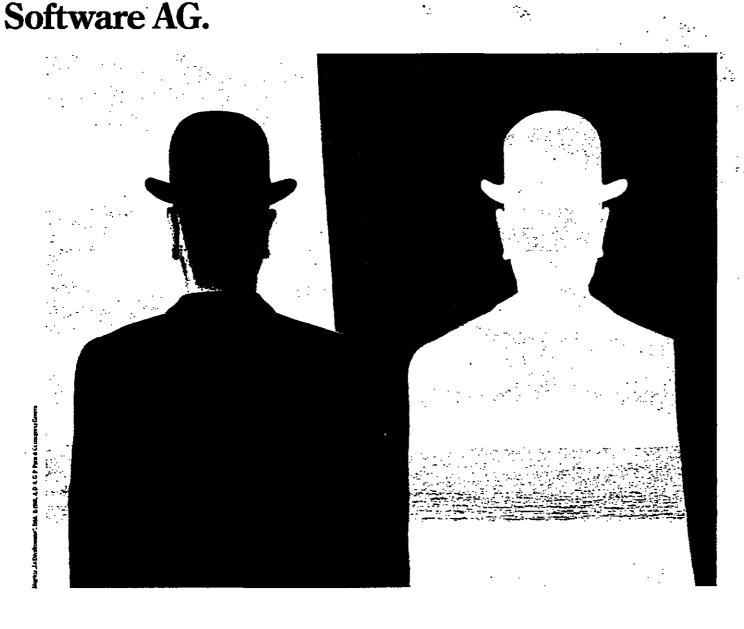
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proves it.

Contact Mr. D.M. Fletcher, Hong Kong Government Industrial Promotion Office, 6 Grafton Street, London W1X 3LB. Telephone: 01-499 9821.

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vented it from delivering more than 3,000 lines this time Kongsberg, a Norwegian elec-

tronics company, is negotiating to sell computer-sided design equipment for the Czechoslovak

engineering industry; Austrian banks have provided a government-backed loan for Warimpex an Austrian holding company to build an hotel in Prague.

Voest-Alpine, Austria's state-

owned engineering company which last year won a contract from Czechoslovakia to build an

oil cracker, would like to boost

its plant and equipment deliveries to a level approaching

that of the business it does in

up 20 per cent to £44m while imports rose 5 per cent to £68m, thus narrowing the trade gap. But Britain, which led the West in trade with Prague in the 1950s, has fallen to fourth

well if they could cash in on only a fraction of the goodwill which exists toward their

slovak teenagers collecting

## Britain may give California more time on unitary tax

The House of Commons passed in July an enabling amendment to the 1985 Finance

Act after the Government bowed

to backbench and extra-parlia-

total earnings, payroll or assets, instead of being treated as if

The system, say critics, can lead to higher bills, arbitrary

costs. Pioneered by California,

its most important user, it was designed to prevent tax

The British retaliatory clause,

which would be brought into effect by parliamentary order,

method.

avoidance.

BY CHRISTIAN TYLER, TRADE EDITOR

BRITAIN MAY not retaliate to carry out its undertaking to against California's controver-take federal action if a solution stal "unitary" taxation of UK is not found at state level. companies, despite the failure of the state legislature on Fri-The British Government has the power to retaliate against U.S. subsidiaries in Britain of companies in the six unitary

day night to carry amending legislation.

Companies leading the campaign for abolition of the system could decide to give the

tem could decide to give the Californians another chance when their legislature reassembles in January.

They expect to meet Mr John Moore, UK Financial Secretary, and officials of the Inland Revenue over the next few days to discuss whether immediate mentary pressure. Unitary taxation is a method of assessing the local operations of countrywide or multito discuss whether immediate national firms. They are assessed on a proportion of the group's retaliation would be helpful or

The reason for their caution is that the amending proposal has the support of both California chambers and of the two they were separate — the conventional "arm's length" main parties. It failed this time for mainly local and techreasons, according to accounting and huge compliance

British observers,
But public reaction in London
to the failure was strong. Mr
Peter Welch, finance director of Fonseco Minsep, the special A number of states, including chemicals company, said British Florida. have repealed or business had been "let down."

"It is 10 years since the British and American governments agreed to end this infameus to place or European companies to place new investment in their states. mous tax, and it has since been a case of promises, promises all the way, but no delivery."

The Treasury spokesman said: allows the Government to stop
Diviously we regret the failure American companies in unitary "Obviously we regret the failure of the California legislation." of the California legislation." tax states claiming tax credits
The Government would be lookfor dividends paid by their UK ing to the U.S. Administration

#### Leyland's Thai bus contract threatened

LEYLAND BUS consortium's \$422m package deal to revamp the loss-ridden Bangkok bus service is being threatened by a set of tough conditions proposed by two influential Thai Government approjes. ernment agencies.

The conditions, as jointly proposed by the Finance Ministry and the National Economic and Social Development Board (the Thai planning ministry) call for: a 20 per cent reduction in the size of the project, a risk-tharing medianism requiring sharing mechanism requiring that the Leyland group be responsible for any future losses; a counter trade deal and the opening of the British market to Thai products.

Thai officials said the conditions, are going to the Thai Cabinet for final approval. It is still uncertain when the Cabinet will discuss the pro-

The state-run Bangkok Mass nounced last June that it had nounced last June that it had chosen the group led by Leyland to supply 4,000 new buses and restructure the city's public transport system.

Leyland, according to Thai officials, has expressed oppositions.

tion to the proposals, particu-larly the reduction in the project's size. A Leyland state-ment issued in Bangkok said the reduction would not enable BMTA to repay its debts so

quickly.

Thal authorities suggested that thereduction would help lessen the country's external

At the heart of

Helaba Frankfurt

Leslie Colitt visits the Brno engineering fair in Czechoślovakia

## West woos orders from Prague

laughing and shouting Czechos-lovak children were lifted into the air by West German elec-tric rope hoists, with their friends gleefully operating the electronic controls. This spec-tacular free ride in front of the Mannesmanu-Demag pavi-lion at the Brno engineering fair might have daunted con-ventional exhibitors.

The West German company.

The West German company, however thought differently. Apart from livening up the space in front of its pavilion and generating goodwill, the children of Brno are subjecting the equipment to a form of punishment which the company believes will convince adult Czechs of its virtues.

Czechoslovaks do not need all that much convincing. West

Czechoslovaks do not need all that much convincing. West Germany is the country's leading Western trading partner, accounting for 28 per cent of Czechoslovak trade with OECD countries. Since Prague conducted 80.3 per cent of its trade with fellow Comecon countries in the first half of this year other Western countries were not left with much. However, as Soviet oil prices However, as Soviet oil prices stabilise, Czech officials suggest that the Western share in their trade should improve. Price rises for Soviet oil accounted for the biggest jump in Czechoslovak trade with

Germany's financial capital:

comecon in recent years.

The mild optimism expressed the mild optimism expressed by West German companies at the Bruo fair — West German businessmen are habitually pessimistic at East European trade fairs — is reflected in trading partners, is mainly the latest trade statistics.

West German exports to Prague calculate a product's country of origin according to West German exports to Czechoslovakia rose 16.2 per cent in the first half of this

year to DM 985m (£253.8m) while imports rose 4.6 per cent to DM 1.2bn. Engineering products were the leading West German export, advancing 24.1 cent to DM 240m, while

Czechoslovak statistics. however, tell a different story. West

are also winning orders from

The spurt in Czechoslovak orders to Western companies, after imports from OECD countries were slashed 13.3 per cent between 1980 and 1984, is also being registered in the UK. UK exports to Czechoslovakia in the first half of 1985 were from Switzerland largely comprise payments there in Swiss francs for third-country

Engineering goods make up half of Czechoslovakia's total exports, but they contribute only a small share to total sales in the West; coal, timber and other raw materials, as well as

Czechoslovakia Czechoslovakia wants to change this by purchasing Western licences and technology to boost its engineering products, but is seeking to do this largely from hard currency export earningread not learn.

East Germany.
The spurt in Czechoslovak

steel, are big hard currency

Oil refinery shutdowns forecast for extension for the international telephone exchange in Prague, which it installed in 1980. Restrictions by the Co-ordinating Committee for Multilateral Export Controls (CoCom) pre-Singapore

IMBALANCES in oil supply demand in the Asia-Facific region will lead to more refinery shutdowns in Singapore, the world's third largest refining centre, but an enhanced role for the island state as a trading the island state as a trading centre, an international conference was told here yesterday.

The two-day conference, on oil trading activities and opportunities in the Asia-Pacific region, is the first of its type. It is being backed strongly by the Singapore Government in order to boost the country's role in the world oil market.

Dr Fereidum Fesharaki, a noted authority on regional oil markets from the East-West

markets from the East-West Centre in Hawaii, forecast more centre in Hawaii, lorecast more refinery shutdowns in Singapore beyond those already ordered by Shell and Mobil, but no major closures. Profitability would return, he said, and some capacity may even come back on stream by the late 1980s.

A worsening oil worder im-

A worsening oil product im-balance over the next two or three years, caused largely by a prospective over-supply of fuel oil, meanwhile made prospects for expanded regional oil pro-duct trading "excellent," said Dr Fesharaki.

That meant Singapore's oil trading role would be enhanced. and the country could emerge as "the most active trading centre in the world."

Brig-Gen Lee Hsien Loong, junior trade and industry minister in Singapore, said his

Government was ready to sup-port this development. Singapore is host to about 30 oil trading companies, and has oil and oil product storage facili-ties with a total capacity of 65m barrels.

Mr Bijan Mossavar-Rahmani

of consultants Temple, Barker and Sloane, forecast that the Asia-Pacific region's fuel oil surplus would exceed 400,000 b/d in 1990 and 500,000 b/d in 1995. These figures exclude excess quantities from the Middle East and U.S. West Coast amounting to 200,000

As a result, he said, 600,000-1.2m b/d of new hydrocracking capacity would be needed in the region by 1990 at a conservative estimate, and even more by 1995. If oil products were freely imported, however, the need for such upgrading need for s would be less.

Governments would mean while have to reassess their need for fuel oil as a result of its felling price

#### UK, Philippines fail to conclude aviation treaty

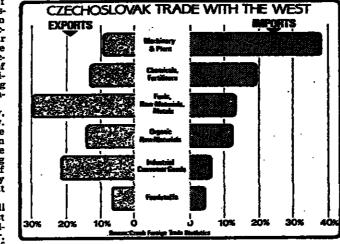
By Samuel Senoren in Manila The British and the Philippines ing weeklong talks in Manila last week. The Philippine Government

has made no announcement on the outcome of the talks but civil aviation officials said the talks collapsed and further talks collapsed and further negotiations have been set for October 7 in London.

The British insisted that Philippine Airlines reduce its flights between Mandla and London from three to two a week. British Airways maintains only two flights a week between the two cities.

As an alternative to British

As an alternative to Philip-pine Airlines' cancellation of the third flight, British Airways sought royalty of £745,000 annually. Philippine Airlines offered £500,000.



of engineering products to West Germany rose 38.6 per cent to DM 49.4m, according to

German exports to Czechoslo-vakia were said to have fallen country of origin according to where payment originates. So

from hard currency export earn-ings and not loans. The official British trade Other European companies stand at Brno certainly had no

Ericsson of Sweden has sold Union Jack stickers with Brno Czechoslovakia a \$7m (£5.2m) written on them.

#### Hilton group to help build hotel in Ankara

THE HILTON Group is to help contract to be awarded within build an international hotel in the framework of a \$1bn Ankara, one of the few remaining capitals in Europe and the which General Dynamics is finMiddle East without a hotel belonging to any of the major manufacturing F-18A fighter
groups.

A joint venture including Hilton, the Sabanci industrial group and the Akbank and General Dynamics, of the U.S., will build a 353-bed hotel at a site at Kavakliders in central Ankara. No Government finance

According to Mr Erol Sabanci, chairman of the Akbank, a com-pany will be established next week and the project, which will take 30 months to com-

This is also the first time that a major international hotel group has invested its own money in a Turkish hotel project. The few hotel groups in Turkey have mostly relied until now on management licensing deals with the capital coming from state controlled pension

· Hilton will own a 10 per cent pany will be established next stake of the equity with General week and the project, which bynamics owning 11 per cent, will take 30 months to complete, will get under way next will be Shaker Holdings of month.

The cost of the hotel is from Sabanci, which will own 13 per cent, two other Turkish commands are involved.

### UK 'failing to exploit' Indian talent for software

BY OUR TRADE EDITOR

INDIA'S talent for computer mission are Istel, formerly due software is being exploited by computer systems arm of the Americans but ignored by British Leyland, Package Prothe British, her former colonial grams, Pafec and the Computer masters, according to the head of an unusual trade mission to

Mr Arthur Day, director of an obscure quango, the UK Trade Agency for Developing Countries, is taking four com-panies to India next month in the hope that India can increase her sale of software to Britain, and that companies eventually will form joint ventures.

grams, Pafec and the Computer Services Association.

Mr Day pointed to recent evidence to a House of Lords select committee from Sir Ronald Mason, of Sussex University, who said the U.S. was recruiting many Indian mathematicians and computer

experts.

He said he hoped the mission would return to broadcast India's resources to British

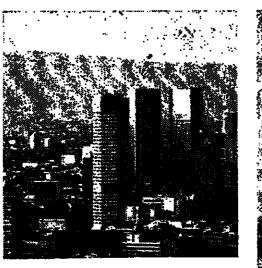
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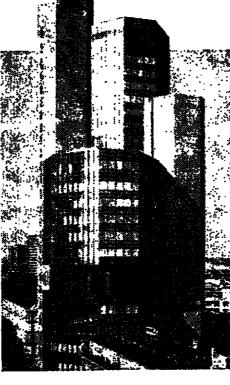
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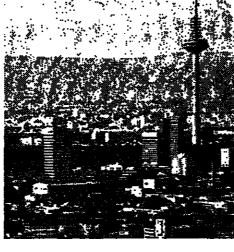
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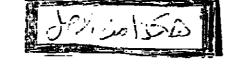
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## Further sign of slowdown in industrial output

INDUSTRIAL

food, drink and tobacco sectors, all

If the impact of the strike is ex-

ous loss of 600 jobs earlier this year

was achieved largely through vo-

Trafalgar House took over Scott

Lithrow from state-owned British

Shipbuilders in March 1984, when

the yard faced closure over Britoil's

submersible order because of sub-

The contract was restored to the yard after the takeover and Traig-

gar House has been trying to supent its offsbore work with de

RESIDENT

stantial delays.

sion to cancel its semi

OUTPUT

BY PHILIP STEPHENS

RECENT SIGNS of a significant slowdown in the pace of growth of Britain's manufacturing production were reinforced vesterday by official figures showing a steep fall in output during July.

The Central Statistical Office said that manufacturing production fell by about 2 per cent over the month to stand below the level at the beginning of the year. Statisticians cautioned

monthly movements in the figures were notoriously erratic, particular-ly in the summer when there were arge seasonal adjustments. In June, for example, output appeared to have risen by over 1% per cent. ration of British In- minerals were the only two major

dustry's latest industrial trends sur-tenstry's latest industrial trends sur-sectors in show significant in-vey suggests that the official figure for July understates actual duction of the chemicals, engineer-ing and allied industries, and of the Langer rans of figures, however, also point to a weakening in manu- fell

also point to a weakening in manufacturing industry's performance.

Over the times months to July, output was % per cent lower than in the three months to July, largely as a result of the bounce-back in a result of the end of the Over the first seven months of coal production after the end of the this year, output was just over 2 per miners' strike in March. cent higher than in the same period If the impact of the s'

a year earlier. In 1984 the growth a year earlier. In 1864 the grown rate was more than 3% per cent.

The latest data is likely to drop in manufacturing and an unstrengthen calls from industrialists for action by the Government to Sea oil output.

The index of industrial output and industrial output industrial outpu real terms are higher than in any of stood at 106.4 in July (1980 = 100) Britain's main competitors. compared with 107.5 the previous

Britain's main competitors.

The CSO said that during the month. The manufacturing index three months to July metal and was at 101.5, down from 193.5. Shipyard job cutbacks

ping, construction and property group, is to seek about 1,000 redun-

shore construction yard on the Low-

Management told trade union

representatives yesterday that the cuts were needed because of a

shortage of orders. The yard has

only one contract on its books at

the moment, an £88m semi-

submersible drilling rig for Britoil. The redundancies are to affect both hourly paid and salaried staff

The unions are expected to consult

their members about possible resis-

**IMPORTANT** 

ANNOUNCEMENT

Pegasus Software Ltd.

The 1985 Finance Bill brings about radical changes in methods of National Insurance

er Clyde, south west Scotland.

TRAFALGAR HOUSE, the ship-tence to the cutbacks. But a previ

dancies from its Scott Lithgow off- luntary redundancies.

#### Liberals urged to back pay strategy

AN EFFECTIVE incomes policy would be essential to the economic policy of an Alliance government, Mr David Penhaligon, the Liberal Party's economic spokesman, told a party's economic spokesman, told a party's preliminary meeting of the Party's annual assembly yesterday.
Alliance policies for economic re-covery and industrial regeneration

would be "fluff in the wind" without controls on pay, he thought.

The need for an incomes strategy was overwhelmingly approved by a working party on the economy, and will now go forward for inclusion in a full debate on the economy on

Steel's sights on power, Page 12 I THE LABOUR Party faces a charge of racial discrimination in its employment practices by a citi-zen of Northern Ireland Mr Harry McAllister, a 36-year old merchant navy electronics officer, has brought two complaints under the Race Relations Act, alleging discrimination in advertisements

The advertisements specified that party membership was necesary for successful applicants. Mr McAllister will claim that because no Northern Ireland resident can join the Labour Party, all of its 1.5m tion when party membership is

placed by the Labour Party for re-

I MR DENIS HEALEY, Labour's shadow foreign secretary, is press-ing the Government to disclose Government standing aside and re-fusing to lend the council an addi-tional £25m to keep services going, there may be no cash left within ther it believes that South Africa and Israel are co-operating in the development of nuclear weapons. He has written to Sir Geoffrey

Howe the Kircign secretary recaling that the U.S. Naval Research Laberatory reached the firm conchasion that a suclear device was exploded in the Indian Ocean on ember 22, 1979. The test had raised the possibility that the gov-ernments of South Africa and Israel were acting together, he said. □ UNITY TRUST, the trade union

financial institution, is planning to transform itself into a public limited company so that it can sell shares to union members. The institution launched 18 months ago, is owned by 40 trade unions. Altho the trust has no immediate need for additional capital, it wants to pre-pare for the time when it has is fund further grieth at the case I THE HOUSING market in England and Wales is showing signs of a revival, with demand for proper-

ties now outstripping supply, ac-cording to the latest quarterly sur-vey from the Royal Institution of Chartered Surveyors. □ SURSTANTIAL pay increases are being sought for Britain's 20,000 seamen. Employers have said in re-

est settlement would put UK ships

and jobs in jeopardy.



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## **ABROAD**

mation, is Britain's monthly magazine for people living or it informs and odvises on all aspects of finance and busines with articles on UK and foreign investment, property, pensions, taxation and insurance, it entertains and informs on matters of health, education, travel and leisure — all of this

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## SUBSIDIARY WILL HANDLE WORLD CAPITAL MARKET OPERATIONS

## NatWest to form investment bank

Liverpool's cash crisis

brings collapse nearer

LIVERPOOL headed nearer to case of Liverpool, the 49 controlling

bankruptay and a political show. Labour councillors agreed a spend-down with the Government yestering target well in excess of the Gov

agree an emergency package of local shop stewards called an indefi-cuts including the dismissal of the nite strike of the council's work-

council's 30,000 staff, in an effort to force from tomorrow week. It is not stave off insolvency. But the em-ployees succeeded in blockading unions, which were prepared to

NATIONAL Westminster Bank is to the City revolution began two years form an investment banking sub-sidiary for its activities in the world capital markets, including its operations in UK securities arising from the City of London revolution.

The group, to be known as Nat-West Investment Bank (NWIB), will have £300m in capital, putting it among the largest entities to emerge from the current realignment of City institutions.

The core of the group will be County Holdings; the parent company of NatWest's merchant bank and of the stockbroking, stockjobbing and investment management busi-

BY RICHARD EVANS

day when a crisis meeting of the city council was prevented from

taking place by picketing local authority workers.

The meeting had been called to

the town hall, forcing the abandon-

The signs now are that with the

The development shows that the

left-wing Labour leadership's tactic of dismissing the staff and then

blaming the Government for the

city's financial predicament has

been rejected by the unions, which

are firmly maintaining the original

policy of no job losses or cuts in ser-

their cities should be run. In the end is doing."

ment of the meeting.

It will also include NatWest's op-

erations in the gilt-edged securities markets and the Euromarkets, as well as other activities in the UK banking.
The chief executive is to be Mr

Charles Villiers, at present chairman of County Holdings, who will report directly to Mr Philip Wilkinson, NatWest's group chief executive. Mr Villiers is also appointed to the NatWest board.

ing target well in excess of the Gov-

ernment's figure. Rate support grant was reduced and the council-

lors surcharged for incurring addi-

In an additional move lest night

take action on a 24-hour basis, will

Mr Derek Hatton, Lahour's depu-

ty leader, denied there was any

split between the party and local trade unions. What it shows is an

absolute determination from the

Labour Group and the unions not to

make cuts in jobs and services. We

are not prepared to do Thatcher's dirty work for her."

But Sir Trevor Jones, Liberal op-

position leader, was convinced there was a significant split. "The

Labour Party and the shop stew-ards have fallen out. They have had

a double act for the last two years

condone an all-out strike.

Mr Wilkinson said yesterday that the creation of NWIB marked Nat-

Eventually, NWIB will market a financial advisory and brokerage service to NatWest customers though its branch network.

NWIB is designed to combine the flexibility of a securities operation with the capital strength of a commercial bank. Although the County Bank name will continue to be used for many of its products, it will be replaced by that of NatWest in cases like the underwriting of debt ssues, where it wants to emphasise

importance of capital markets as a source of finance for the bank's customer of finance for the bank's customer finance for th banking by integrating the securi-ties operation under the group name rather than the County name

The new bank will employ about 1,500 people and will be housed in NatWest's building in Drapers Gar-dens, London, which is being refurbished and will be equipped to house a large dealing operation using the latest technology.

NWIB will be incorporated as a separate company, once the neces-sary approval has been received

## Council manual workers offered rises up to 12%

BY DAVID THOMAS, LABOUR STAFF

LOCAL, AUTHORITY employers £220m, which is 8 per cent of the anyesterday made an improved pay offer which will mean rises of between 6.7 and 12 per cent for im ocal authority manual workers. The unions will put the offer to their members over the next month with no specific recommendation

Mr John Edmonds, secretary of the union side and general secretary-elect of the General, Municipa and Boilermakers' Union, described the offer as "a step forward."

although it is almost certain to be

He added: "We need settlements substantially more than the going rate to eliminate low pay from local eovernment."

The employers have offered a 68 a week increase for all employees. plus the elimination of the two lowest grades. The offer, if accepted, will be backdated to September 1.

The weekly rate for the 213,000 workers in the lowest grade, mainly cleaners and school meals assistants, will rise from £74.30 to £83.20, a 12 per cent increase. Workers in the top grade will receive a 6.7 per cent increase from £89.25 to £95.25 tween the Government and a number of left-wing councils over how which doesn't know what their cities should be seen to the councils over how which doesn't know what the council of t

The employers' side estimated built by ministe the overall cost of the package at spending plans.

nual paybill. The employers received no specific commitments from the union on productivity or changed working practices to offset the cost, though it is understood that they sought unsuccessfully for savings in the

school meals service, The two sides, however, agreed framework for a complete review of the grading structure and working practices, which the employers hope will yield substantial savings.

Mr Tony Phillips, the employers' chairman, refused to be drawn on the implications of the offer for services or rates (local property taxes). describing them as a matter "for each individual authority to consid-

er in the light of its budget." The employers held a meeting with ministers from the Depart ment of the Environment last week but Mr Phillips said that he had "no idea" what impression the offer

would make on the Government. The offer will colour the new pub lic sector pay round and strengther unions' determination to break through the 3 per cent pay factor built by ministers into their public

#### Australian defence order goes to Racal

By Raymond Snoddy

RACAL, the electronics and telec nounced an order for a mobile field communication system for the Australian Defence Force, which could ultimately be worth more than £100m. It would be the largest single order the company has ever

Mr Kim Beazley, the Australian Defence Minister, said that Racal Australia had been awarded the equipment specification contract for Parakeet, a system designed to provide secure voice, data and tele-graph links for forces in the field. Parakeet is a digital trunk communications system which provides high capacity links between major headquarters and also links combat units with the strategic defence network. The initial contract is worth A\$6.5m (£3.3m) but Racal will be the preferred supplier for the whole project which will cost about A\$200m.

The Australian Defence Minister said Racal's "preferred supplier" status depended on the company's performance in this phase and on the Government deciding to go ahead with the full programme.

The contract was won against competition from Plessey, the UK electronics group and AWA, an Australian company.

Mr Martin Richardson. of both the Racal Radio Group and Racal Electronics, said yesterday the order "has established us very firmly in the market place and should give a technological base to continue development.

He hoped the order would lead to similiar sales for medium-sized-systems from other Western governments. Parakeet is the third of three major projects designed to of-fer the Australian armed forces a sophisticated communication system for the 1990s.

The early contracts on the other two projects, Raven and Discon. were both won by Plessey. Raven, which Plessey won in competition with Racal, is for combat net radio the radio packs carried on the backs of individual soldiers.

## High-performance companies are roaring about Bavaria.

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Bavaria is a technically Ze advanced economy which employs one-fourth of all Germans active in electronics and electro-technology, is Germany's leading aerospace center, and excels in mechanical and automotive engineering.



An exceptionally high concentration of user industries of advanced technology products, e.g. microelectronic devices, is in Bavaria and at its doorstep-with electrical engineering, mechanical engineering, automotive manufacturing and aerospace in the lead.

Bavaria is one of Europe's Po leading research centers, home of numerous universities, the Max-Planck Institute and the Fraunhofer-Gesellschaft. More R&D staff are employed by Bavaria's industry than by that of any other federal state in

 The Bayarian economy, hown the world over for quality workmanship, has created more new jobs than any other major German state over the past decade. The state continues to attract thousands of future-oriented people from all over the country-on the average more than 20,000 a

Bavaria is stable, with a government committed to fostering entrepreneurial drive through cutting red tape, consistent strengthening of the state's infrastructure and support of education and training facilities, research, technology transfer, and a variety of investment incentives.

Not bad for a state known for beer and a charming lifestyle. If your company is looking for something to roar about in Europe, take a close look at Bavaria. You might be in for a rewarding surprise.



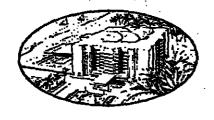
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## **UK NEWS**

## Steel's sights firmly on the chance to take share of power

land, today, is a contrast with that of Dr David Owen, leader of the Alliance partner, the Social Democratic Party (SDP). It is a reversal of the common image of the two Mr Roy Jenkins, that was chiefly

Dr Owen is widely thought of as arrogant, aloof and, on his own admission, not suffering fools gladly. Yet in practice he is approachable conference in Torquay last week lelegates and press he met. For all

resembles in many ways in his But there remain doubts that Mr background and approach. And in Steel is perhaps a little too inclined

Unlike Dr Owen, he does not atand advisers. When he arrives, Mr Mr Kinnock by Labour activ

Ca

Ch

for

Alliance. While Mr Steel and Dr and open. He wandered around his there is still certain mutual wart-conference in Torquay last week ness. Mr Steel often applies a conci-

ad, he spends much time in his first since the last general election hotel room with advisers such as when Mr Steel's own future as lead-Mr Richard Holme, Mr Alan Water is not a matter for speculation. son, the party president, and Mr He wants one final chance to secure Paul Tyler, the party chairman, and in other behind-the-scenes meetings.

Mr Steel's interests are primarily possibility.

#### Average wage deals estimated at 6.05%

BY JOHN LLOYD, INDUSTRIAL EDITOR

ments over the bargaining year from August 1984 to this July was 6.05 per cent, according to figures published today by the Labour Re-

The LRD's survey also shows that one in four manual workers won extra holidays over the period, won extra hondays over the perion, bringing the number of workers with an entitlement of 21 days or more to 82 per cent of their workmore to 82 per cent of their workforce (up from 78 per cent in 1984).

fewer than 22 days of annual holi-

Working hours decreased only sporadically and slowly over the past year, with the 39-hour week re-

The gap between clerical and manual hours remains wide, with only 34 per cent of clerical workers

THE AVERAGE for wage settle- working more than 1,750 hours in a

Here the public sector workers do better than those in the private sec-tor: 27 per cent of those in the private sector work under 1,781 hours the public sector.

tion of British Industry, which

liture, forestry and fish-

crease was education, research and health, with 4.6 per cent, which was the increase on the lowest basic



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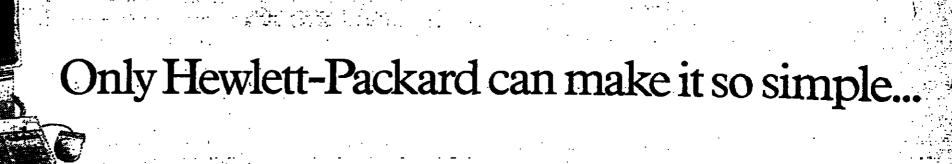
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#### **UK NEWS**

## Castings work for GM switched to Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

which has been supplying car en-gine castings to GM's West German subsidiary, Opel, from continental European plants for many years, is switching the business to one of its

A long-term agreement, worth "several million pounds a year" has been signed between GM-Opel and Fischer's British factory at Lincoln. Fischer, an independent, private-

ly-owned group with an annual turnover of about Swfr 2bn (\$836m), bought the Lincoln facility, previously owned by Ley's Malleable Castings, three years ago. The factory employs about 300.

THE TASK FORCE set up by General Motors to help balance its car imports to the UK with more comment numbrases in Britain has the deal will increase both the vol-ume of GM's purchases of British products and the local content of GM vehicles marketed in Britain. The work has been moved from

Fischer's plants in Austria and

West Germany

GM - which in Britain man tures under the Vanxhall marque -set up the task force some months ago following pressure from the UK Government for the group to work for a better balance between what it sells in the UK and what it makes and buys in Britain.

The U.S. group's argument with the British Government stems from its decision in the 1970s to make

and development in Europe. The system paid off because GM models now account for about 17 per cent of

with only 8.5 per cent in 1981.

But GM supplied nearly all the extra demand from its continental European assembly plants, in Bel-gium and Spain, as well as in West when it became clear that, in spite of record sales, GM actually pro-duced fewer cars in Britain last year than in 1983.

The GM task force, he Dick Durkin, executive director, finance of the group's European cars division, has been examining, among other things, how a better rapport can be established between Opel and UK suppliers and to bring British companies into Opel's development process at an earlier stage

## Chase selects head for equity operations

BY JOHN MOORE, CITY CORRESPONDENT

CHASE MANHATTAN, the U.S. bank which is taking over Simon & Coates and Laurie, Milbank, two British stockbrokers, yesterday announced the recruitment of a senior dealer at Akroyd & Smithers, one of the largest London market makers, to head the dealing in its British-based equity operations.

Yesterday's announcement is the latest in a series of senior City per-sonnel moves in the financial serrices revolution taking place in

Chase has appointed Mr David Elections to the Lloyd's ruling Cheesewright, a senior market council are due to take place in Nomaker at Akroyd & Smithers, with 23 year's experience, as head of its UK equities market-making and

Mr Cheesewright's salary was not disclosed, but Mr Leigh Collins, of Simon & Coates, said yesterday that his package was "fully consistent with the high market amounts on offer but it is not a grotesque fig-ure. He is being paid the full mar-

This is likely to be a six figure sum, although Mr Collins said that

The whole deal has been structured to take account of that." primary market in British government securities but as yet the head of this operation still has to be an-

• Mr Peter Miller, chairman of the Lloyd's insurance market in London, is running for a third term as bead of the Lloyd's community.

vember. Under its rules, any mem-ber of the council who has served for four terms has to retire for one year before seeking re-election.

Only the chairman of Lloyd's can waive the one-year "sabhatical" pe riod and Mr Miller has chosen to exercise the right.

Mr Miller has served on the Lloyd's ruling bodies since the beginning of 1982 and became chairman at the end of 1983.

## IBA opposes change in financing of BBC

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority (IRA) vesterday opposed the introduction of advertising on the BBC and argued that those seeking to change the British system of broadcasting finance should be able to be authorized to the BBC would be buildozing the existence of the BBC would be buildozing the existence of the state of the BBC would be buildozing the existence of the state of mean improvement.

The IBA, in its evidence to the Peacock Committee, which is looking at other means than the existing licence fee to fund the BBC, says it does not believe the fee -which is C58 for a colour TV - is at the end of its life.

The principle of separation of funds - the licence fee for the BBC and a monopoly of television advertising revenue for the independent companies - has worked well in terms of the range and quality of programmes produced, the IBA

We believe that it should continue to do so, and that the IBA should vertising, it would, the IBA argues, continue to be responsible for all "be in an unduly advantageous advertising-financed public-service position."

broadcasting channels," the author-

"continue to serve us well."

Electronic publishing, the IBA believes, is not yet akin to print publishing. For at least the next decade, the public broadcasting authorities will still have an essential role in ensuring a range of choice for the

If the BBC were to take advertising, at least some of the revenue would be diverted from independent broadcasting. The most vul-nerable parts of the system would be independent local radio, the smaller ITV companies and

If the BBC were to keep its li-

## Drug risks blamed on job losses

MR NORMAN WILLIS, the Trades there was no transfer fee involved. Union Congress (TUC) general sec-retary, yesterday placed much of the responsibility for the increase in drug taking on unempl and on the Governmen

Launching a report on the TUC vment centres. Mr Willis said that unemployed young people were a prey to mischiel - and

He continues: "We know uner ployment is not the only cause and that there are all sorts of political and economic reasons. But if you practise the economics of fear an despair, you spread the drugs of fear and despair. That is what the Government is doing to Britain."

as those under 25 without jobs and not on training schemes - now stands at 1.233m, more than one third of the total Of that, 617,100 tween 26 and 52 weeks; and 315,900

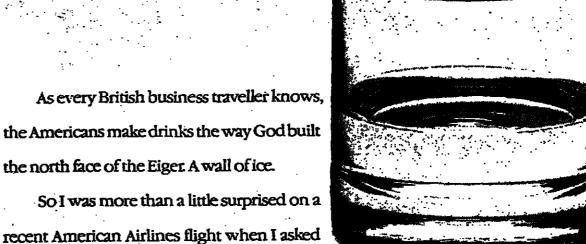
without jobs for more than a year Mr Willis said the despair ereate tributory factor when young turned to drugs - "and not just when young people themselves are out of work but many of them are in families employed for long periods.

 A public relations exercise convince the electorate that Mrs Margaret Thatcher, the Prime Min ister, and her ministers are not uncaring about the needs of the health service and other areas of social se curity was launched yesterday.

It will centre on a newly estab <u>lished Social Affairs Forum set up</u> by Conservative Party may They will provide a direct channe of communications between constit nency activists who have a special-ised knowledge of how the health service and other social services operate at local level and Conservative MPs and ministers.

Rehind the decision to set up the forum is the growing concern among ministers and their public relations advisers over the succe nents in portraying it as a hard-faced, penny-pinching body unwilling to provide the money needed for vital services.

## 'Last night something special happened on the way to Phoenix."



for a glass of whisky and got exactly that.

Scotch whisky Not Bourbon. No ice.

Not even a miniature umbrella for decoration.

trip to some of America's more remote outposts, where

When, a little while later, the same stewardess

asked whether I would like another drink, my curiosity

much of the time in the air was spent in difficult

negotiations with clients.

got the better of me.

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"I didn't get ice in my drink."

"How did you know about the ice?"

Shesmiled, and then said, "I couldn't help overhearing your accent.

You're English, aren't you?

Us flight attendants

have to go through a very tough training course where they raught us all about ice and the English."

She was so charming I didn't have the heart to tell her I was a Scot.

Duncan McAusland, British Businessman.

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#### Galleries/William Packer

## A simple passion

John. There was nothing of with nothing unnecessary, never bitterness in it: he had always an extra flourish or indulgence been as consistent as he was but every touch to the point, convinced in his admiration of the work of his diffident and markedly unprolific sister. and plicity that hovers ever closer markedly unprolific sister, and plicity that hovers ever closer ever happy to express it in her to abstraction. But they are still interest. And if he was perhaps a shade too hard on himself the more we see of her work, the more clearly we come to recogcalm and emotional detachment. nise the underlying truth at The dry, almost powdery paint which he was hinting. Where he stands safe enough in his reputation as a serious and sub-stantial artists of the British all the subtle economy of the School through the early decades of this century, it is ever more certain that despite the apparent narrowness of her she stands above and beyond him, independent of merely national consideration, one of the greatest of women artists and a great artist tout

It is a large claim to make, but one which in the face of the work is both inevitable and sustainable. The splendid exhibi-tion at the Barbican (until November 3, then on to Man-chester and Yale), in giving us about one in three of all her canvases and many drawings and water-colours besides, gives us every opportunity to make

An inflated scale, variety of selves no sure measure of ambition or achievement. With Gwen John's paintings, small as they are, so repetitive in their imagery and modest in their superficial physical presence, our engagement rests neverthe-less with the most profound considerations of observed and imagined reality, and humane

Before any one of her intilightly crossed on a long lap, there is nothing for it but to

Augustus John once remarked mind, Whistler who taught her years in the city. After 1930 of himself, with a generous if on occasion, Bonnard and she worked less and less at her somewhat wry self-depreciation, Vuillard, but a more extended painting, devoting herself rather that was the statement of the control of the self-depreciation.

is yet rich and potent a medium for the imaginative suggestion means employed. A scumble of violet against a pink ground and there is the figure to the life in a living space, every note, inflexion, harmony exectly struck. The poignant, simple truth of

heart. The essential quality of these things speaks for itself; which leaves only the problem of a reputation not as it is and should be, but bedevilled still by circumstance and biography. A strange or difficult life can be irresistible in its interest, and the danger is that it may intrude itself too easily and too much upon our attention, at the expense of the work. It is well to remember two things: that particular circumstances are no more a guarantee than they are material and subject, and an an impediment of great art: ample production are of them and the myth will not always

to time, and sometimes sold a thing or two. She was thus active in Paris as a mature artist through one of the great periods mate, meditative studies of the through one of the great periods figure, the model typically set of the Paris School, with as good three-quarters on and three- a claim as any to be counted a Gwen?

quarter length, utterly quiet part of it. If she was of a natural and relaxed, her arms resting ally withdrawing temperament, part fell out of sight after his lightly crossed on a long lap, her brother and her friends death, his name kept alive only

and were he to be remembered tradition and such artists as and less at her painting, devoting herself rather to her cats, and the garden of the converted summer bones in the converted su she worked less and less at her visit to Dieppe in 1939. Her reputation was rescued from critical obscurity and was made safe at least a generation ago.

Both the short monograph by Mary Taubman (lately published by Scolar at £20), and the exhibition catalogue by Cecily Langdale and David Fraser Jenkins (Phaldon at £9.95) supply admirably sympathetic and straightforward accounts of the life and the development of the work, beautifully illustrated.

While Gwen John occupies While Gwen John occupies the lower floor, by the happiest of chances almost the entire run of the upper galleries at the Barbican is given over to just such another confirmed Francophile expatriate, and one, moreover, who really has been thoroughly neglected at home. Roderic O'Conor was Gwen John's senior by some 16 years, an Irishman who completed his experience touches the an Irishman who completed his studies in Paris and was by the late 1890s showing his work at the Salon and the Salon des Indépendants. He too made France his home for the rest of his life, dying at Neuil-sur-Layon, south of the Loire, in 1940

He had been a close friend and associate of Gauguin in Brittany, and become a leading more a guarantee than they are an impediment of great art; and the myth will not always match the facts.

Gwen John moved to Paris in 1904 at the age of 28, and made it her home for the rest of her life. She had already shown something of her work in England, and she continued to show, albeit at extended intervals, and was noticed from time to time, and sometimes sold at thing or two. She was thus actions are impediment of great art; and become a leading and Manchester: the excellant catalogue sponsored by that worked around Pont Aven Allied Irish Banks), is exhilarating and delightful. At every point we see a gifted and intelligent artist, no great art; and working so well off Gauguin in the enrily 1890s, now all but Fauve before 1900, then close and intelligent artist, no great art; and the extended by that worked around Pont Aven Allied Irish Banks), is exhilarating and delightful. At every point we see a gifted and intelligent artist, no great art; and the enrily 1890s, now all but Fauve before 1900, then close and intelligent artist, no great art original exactly but actuely before 1900, then close and intelligent artist, no great art in the enrily 1890s, now all but actively some subsequent years in Paris he was, it seems, so much at the centre of things that visitors from England, Frys and Bells and Grants, would make it their business to call on him, to get the excellant artist, no great art in the enrily 1890s, now all but actively some subsequent years in Paris he was, it seems, so much at the centre of things that visitors and delightful. At every point we see a gifted and intelligent artist, no great artist, no great and intelligent artist, no great art Barbican it is not fanciful to detect an O'Conor influence. Would Smith, close friend of Augustus, have also called on Green?



Self-portrait of Gwen John

astonishment at "the date at his peculiar and so various gift which the work was done, so and temperament?

#### Concert celebrating Jelly Roll Morton

A concert celebrating the man Morton's famed Red Hot who claimed to have invented Peppers, Among others in the jazz, Jelly Roll Morton, will band will be trumpeters Alan take place on Saturday next, Elsdon and Ben Cohen, saxist September 21 at the Elizabeth John Barnes, bassist Graham Hall in London. It is called a Read and drummer Laurie lightly crossed on a long lap, her brother and her friends there is nothing for it but to knew her as an engaged and confront the fundamental questions of what painting is and what, at its most allusive and refined, it can be: oil and canvas, flesh and air. And such is the creative company she kneps that not only are immediate contemporaries called to her brother and her friends death, his name kept alive only jazz, Jelly Roll Morton, will by a handful of paintings here and there in major collections. September 21 at the Elizabeth The long delayed studio sale in a quiet way, for she had some acquaintance across the art world of Paris, which is hardly surprising in one who had worked as a knew of barely 40 works. That model, and been the model and mistress of Rodin in her early fold, and the selection he puts

before us, the first comprehensive study of O'Conor (until around him. Now we see him November 3, then Belfast, Dublin and Manchester: the excelent catalogue sponsored by in the enry 1890s, now all but Alliad Trich Raules) is exhibit

to West End

Chescoe. Vocals will be by Johnny M, singer with the Midnite Follies Orchestra. Stratford cast, including Frances Barber in the title ₱₠ckets from Festival Hall box

## The Rivals/Royal Lyceum, Edinburgh

#### Michael Coveney

lorn Faulkland fantasises hordes

Whatever one's mixed feelings about the Stoppard and Sheridan double-bill at the National (known on site as the Tom and Sherry lampoon show) there is no denying the evening's spectacular luxuriance. With the opening of Ian Wooldridge's new season at the Royal Lyceum in Edinburgh, however, poor old Sherry is caught in the poverty trap. And I really mean imaginative poverty rather than the economic brand, although no designer in Britain has been so indulged this year as has been William Dudley, first with Mutiny! and now at

The Edinburgh design by Gregory Smith is a bare white box of the sort pioneered at the Royal Court by Christopher Morley, with four entrances and no concessions to Sheridan's sumptuous topographical evoca-tion of Bath (as realised two years ago at the National by John Gunter). You would guess that such an arrangement would lead to speed and lightness in the playing and you could not be more wrong. There is little pace on Hugh Hodgart's production, little wit in the playing and nothing at all of comic inter-reaction among the players who seem—with the sole exception of Sean McCarthy's silkily infected and knowing Lucius O'Trigger—to be incapable of relishing some of the finest dramatic prose that will ever come their way.

I will concede at least that the show is faintly less em-barrassing than Mr Hodgart's Molière earlier this year, but he is still determined to ape—and to ape very hadly—certain characteristics of the Glasgow Citizens'. Mrs Malaprop is played by Michael Roberts as a third-rate pantomime dame. He flutters and twitters in a selfregarding vacuum, heavy jaw and features set like concrete beneath a tall and very had wig.
Now you can have Lady
Bracknell played by a man

## 'Camille' transfers

Pam Gems' version of Camille, which the Royal Shakespeare Company prem-iered in Stratford last year, is to transfer to the West End, opening at the Comedy Theatre on October 29 with the princi-pal members of the original Stratford cast, including

dexpert Martita Hunt act at the Expert Martita Hunt act at the Citizens' years ago) but even then you lose the latent feminimity so memorably unearthed by Judi Dench. But Mrs earthed by Judi Dench. But Mrs earthed by Judi Dench. But Mrs in such design circumstances in such design circumstances in such design circumstances should be played in even bright should be played in even bright in such design circumstances. clusion that the Lyceum artis tic policy is now as unintelligent as it is insensitive and imita-

of suitors pursuing his Julia tic po and, in the central variation on the title. Lydia Languish has fallen for her loyal Jack Absolute disguised as the mili-welsi the title. Lydia Languish has fallen for her loyal Jack Absolute disguised as the military ensign Beverley.

The faultless structure of this brilliant comedy is thus destroyed by letting Malaprop loose as a dag queen, and a drag queen so ghastly that her fear of Sir Lucas dissolving her mystery is as ill-founded as her vanity that Sir Anthony might be drawn to it.

Taken together with the slow and mutilating pauses perpead of the structure of the factor of the first night, Finlay Weish as Faulkland was unfortunate enough to meet stern resistance from his cloak's class when he attempted with a stifled flourish to throw of stifled flourish to throw of racked and worried permystery is as ill-founded as her vanity that Sir Anthony might be drawn to it.

Taken together with the slow and mutilating pauses perpead of the first night, Finlay Weish as Faulkland was unfortunate enough to meet stern resistance from his cloak's class when he attempted with a sidled flourish to throw of racked and worried permanence was a minor consolstance. The foundation of the first night, Finlay weish as Faulkland was unfortunate enough to meet stern resistance from his cloak's class when he attempted with a sidled flourish to throw of racked and worried permanence was a minor consolstance was a minor consolstance from his disputed flourish to throw of stilled flourish to throw of s Taken together with the slow and mutilating pauses perpetrated by Irene Macdougall's colourless Lydia and Vari Syl-burgh deserves so much before the street of the street deserves so much before the street deserves and the street deserves and the street deserves the street deserves and the street deserves are street deserves and the stree vester's strenously confidential burgh deserves so much better.



Michael Roberts as Mrs Malaprop

Donnerstag aus Licht" opened at the Royal Opera House last night.
It will be reviewed on this page tomorrow.

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الا تحد المناس

#### Separate Tables/Northcott, Exeter

#### B. A. Young

The four principals in Rattigan's two, linked, one-act
dramas of hotel life are all
unsatisfied in different ways. In
Table by the Window, John
Malcolm is so urgently in love
with Anne Shankland that once, ped on by the militant Mrs

When he is caught and his instills an intrinsic weakness
into a figure planned as military
and dominant. As Anne, Rosalind Bailey is as statuesque as
at the Beauregard Hotel, whipbeautifully dressed, graceful
and entirely self-absorbed. As when they were married and Railton-Bell, ask Miss Cooper, he was a Labour Minister, he the manageress, to chuck him assaulted ber for refusing him out. his "marital rights" and went to prison. Anne's second marriage also failed; now she is calls "managerial" and is well single minute of confidence at hunting for the devotion John played so by Mary Yeomans, is the end of the play. gave her, which he calls "enslavement." Their new meetviolence; but longing wins and they settle into what might

his own human inadequacy and usual people. invents a new personality as a Black Watch major, when he was really a RASC lieutenant and never nearer Alamein than Rattigan's insight gives these makes his supporting characters flat, and there was an unexponding their apparent simplicity. Edmund Kente makes John Mike Burnside directs with and never nearer Alamein than Malcolm a strongly positive figure, so that his emotional multiple. inadequacy is a compulsion to touch up women in the cinema. Then, as the major, he subtly are good sets by Di Seymour.

the manageress, to chuck him Miss Cooper, whom Rattigan

also human. She makes the bogus major stay for dinner, and there one by one the other residents (all but one) decide they settle into what might optimistically be called a happy ending.

In Table Number Seven the so-called Major Pollock knows to start friendship, being unable to start friendships with more

Sibyl she does not take the easy line of personal uncharm; be-neath her childishness she is a potentially attractive young woman, as she shows in her the end of the play.

The residents are old middleclass figures off the shelf. Gabrielle Hamilton has the best chances as Mrs Railton-Bell, and takes them avidly. I had a pleasant surprise from Sean Aita as Charles, the student who makes a defence speech for the major. Rattigan deliberately makes his supporting characters

Mike Burnside directs with an evident understanding of these assorted misfits, and there

Sept 13-19

voyeuristic fans.

#### Hard Times/Richmond Martin Hoyle

"Not one of his best books," Dickens's sheer narrative said my companion. "One of vitality triumphs even if — unhis best books," said our fellow- gratefully, in the face of the diner later. Anyway, in Russia company's achievement — one Dickens is "second to notes characterisation boldly Dickens is "second to notes characterisation boldly Shakespeare," according to the sketched rather than subtly distinguished Soviet theatre shaded, Still, with his reminis expert on a flying visit, bemused

Sam Walters's acclaimed production of Stephen Jeffreys's adaptation returns to Richmond this version is exemplary; the totally.

assume over stock and

cences of an egg-box cradle and at finding himself in the hot and crowded little room over the Orange Tree pub while the grandmother who downed 14 the Orange Tree pub while the fast, Boundaby is revealed as grimy panorama of Coketown the begetter of that Monty was limned by a mere four Python sketch where self-made northerners compete for the most deprived childhood. David Timson also excels as the circusowner. Sleary: a fine physical before a British Council tour of performance where face, build Europe. For speed and clarity and stance seem to change

hours.

With the emphasis firmly on unfolding the story, some set-pieces emerge with breathless excitement — notably the bewildered Louisa's flight from her would-be seducer, followed by the vengeful Mrs Sparsit excitement — notably the bewildered Louisa's flight from a touching Sissy and a genteelly included by the vengeful Mrs Sparsit Louisa's outburst against the through the rain-drenched night. Props in the Orange Tree's tiny acting area amount to little more than a couple of benches and the shawls the women don to vary age or class, along with the frock-coats the love, admiration and shame that we take him so much for we take him so much for granted.

#### Womack and Womack/Dominion **Antony Thorncroft**

Cecil Womack and his wife In the event it took over an Linda have hit on a brilliant hour for the Womacks to get a idea—they act out the pleasures and pains of marital life on stage in front of thousands of

For most of the time they are like a pair of pigeons in spring, with the beautiful Linda staring hard and defiantly at the in-sidious Cecil as, with guitar cocked, he pushes her gently but meaningfully across the stage. But then, to show that fruitful spring invariably leads to reproachful autumn, there is Linda, the neglected wife, complaining to Cecil about his wan-dering ways. "Trying to make yourself a name/you have made

your lady shame," as she puts it in "Nightrider," one of the best of the pair's new songs. It makes for a gripping show as now Linda takes the initia-tive — "You've got to raise your voice sometimes girls." she tells the audience, matching actions to words, and Cecil fights back — "A man needs some of his own time." Of course it comes with that glutinous packaging which infects soul music. "Are you ready for Womack and Womack?" shrieks disembodied voice at the start;

rather speculative audience to its feet, by the end, with songs like "No Relief." the bodies were heaving, the atmosphere loving, and soul music had exerted its cheap charms.

It might be aimed at the Stanmore set rather than the Brix ton blacks, but with Ceckl's clever falsetto and nudging guitar playing and the teasing Linda, dressed rather bizarrely as if for the grouse moor, the Womacks offer an intriguing visual counterpoint to some of the most relaxed soul music of the day.

#### RSC's new musical at the Barbican

The Royal Shakespeare Company's new musical. Let Miscrables, opens at the Barbican Theatre on October 8. The musical adaptation of Victor Hugo's novel, by Alain Boubiil and Claude-Michel Cecit has high hopes of the evening. "It is going to be beautiful." he asserts, certain that we are "going to be all RIGHT."

Boubtil and Claude-Michel Schönberg, is directed by Trevor Nunn and John Csird.—and presented jointly with Cameron Mackintosh Cameron Mackintosh.

## Arts Guide

(34381).

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

#### Handel's 300th anniversary Agrippi-na is offered with Gunther von Kan-

Berlin, Deutsche Oper: Der fliegende Holländer has Janis Martin and Martit Talvela. The Magic Finte fea-tures Sylvia Greenberg, Costanza Cuccaro and Gerd Feldhoff. Il Trov-Milan: Testro alle Scala: Rossini's II Viaggio a Reims. A repeat of Luca Ronconi's successful production at atore sung in Italian, is a Herbert von Karajan production. The cast includes Natalia Troitskaya, Helga Wisniewska and Harald Stamm. Ai-da rounds off the programme. the Pesaro festival last year. Claudio Abbado conducts a cast which includes Katia Ricciarelli and Ruggiero Raimondi. (809126).

Opera and Ballet

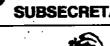
Cologne, Opera: Premiering this week is Lucia di Lammermoor, produced by Peter Wood with Lucia Aliberti in the title role. To commemorate

WEST GERMANY

Cologne, Opera: Premiering this week is Lucia di Lammermoor, produced with Lucia Aliberti in the title role. To commemorate Paris Opera in Apollon Musagate Paris Opera in Apollon Musagete (Stravinsky/Balanchine), Canto di un Giovane Errente (Mahler/Bejart and Suite de Dances to chore-ography by Bournoville, (Tue), (5422779).

#### BRUSSELS

Irque Royale: Simon Boccanegra conducted by Michael Schonwandt with José Van Dam, Ellen Shade, Neil Wilson and Robert Lloyd. (2181211).



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#### **GAS DEL ESTADO**

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# ist, haranguz, luchy, la Iranata conducted by Segerstam. (5324/2855). Volkseger: Kalman's Csardasfuerstin; Millocker's Der Bettelstudent; Le-har's Das Land Des Lachelns; Strauss' Vienna Hlood; Lortzing's Der Wildschütz. (5324/2857).

kastsuper: Cosi Ian Tuiti conducted by Kout with Coburn, Daniel, Wat-son, Kerzis, Giordano's Andrea Chenier conducted by Collado; Ray-monda by Glasunov and Nureyev conducted by Schirmer with Stud-ler. Harnaryo, Tichy: La Traviste.

ler, Harangozo, Tichy; La Traviata

New York City Opera (NY State): Frank Corsard's new production of The Love for Three Oranges with sets by Maurice Sendek (created by Glyndebourne in 1982) premieres with Diana Waller as Ninetta, Joyce Castle as Fata Morgana and John Lankston as Truffaldino, conducted by Christopher Keene. Joseph Rescigno conducts Renato Capechi's production of The Daughter of the Regiment, with Erie Mills as Marie, Jane Shaulis as the Duchess of Krackenthorp, Gran Wilson as Tonio and Richard McKee as Sulpice. The week also features La Camerentola and Carmen, Lincoln Center (870 5580).

New York City Opera (NY State):

#### TOKYO

Asian Festival of Traditional Dance and Music: Korea, Turkey, Bangla-desh, Malayaia (Thur matinee); Chi-na, Japan, India, Sri Lanka (Thur evening); Japan (Wed). National Theorem of Issae (4864) 14)

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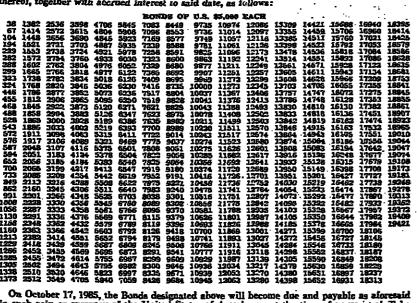
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On October 17, 1985, the Bonda designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debta. The said Bonds will be paid, upon presentation and surrender thereof with all coupous appertaining thereto, at the option of the holders subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main) or London, or Kredlethank S.A. Luxembourgeoise in Luxembourge, or Swiss Bank Corporation in Basle. Payments at the offices referred to above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained by the payee with a bank in New York City, Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50, Please therefore provide the appropriate certification when presenting your securities for payment.

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WESTPAC BANKING CORPORATION

Dated: September 17, 1985



PRIVATbanken

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Notice is hereby given that pursuant to the terms of the 12½% Notes, US\$5,000,000 principal amount of 12½% Notes has been drawn by lot by the undersigned, in the presence of a notary public, for redemption on the 17th October, 1785:

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#### WORLD CHEMICAL INDUSTRY

**MINING** 

John Wicks on the importance of America to a Swiss drugs giant

## Ciba Geigy builds on U.S. success

LIKE OTHER Swiss multinationals, Ciba-Geigy, the Basis-based chemical concern, has a large stake in America. Last the U.S. subsidiaries was not year. U.S. turnover amounted to \$2.35bn, or more than 31 per cent of consolidated sales. Business has continued to thrive in 1965. The 13 per cent rise in group turnover in the first half, to SwFr 10.6bn (\$4.4bn), was due to further U.S. growth as well as the influence of a as well as the influence of a strong dollar.

The significance of American subsidiaries within the group has been growing for some years, as a result of both internal growth and a long series of acquisitions. By last year capital expenditure in North America had reached 34 per cent of group total, or the same as that for Switzerland same as that for Switzerland itself. About a quarter of fixed assets are already located in the U.S. and Canada.

The past few weeks have seen a further strengthening of the American presence. To-gether with the Corning Glass group, the Swiss concern set un-the joint-venture company Giba Corning Diagnostics to take over the American partner's \$160ma-year diagonstics-products business. This was followed by the
announcement that Ciba-Geigy
had agreed to buy up the contact-lens and lens-care division of American Optical, whose turnover is about \$33m

Early this month, the Swiss then spent \$36.8m on an 18.4 per cent stake in the San Jose laser specialist Spectra-Physics, with an option to raise this to

51 per cent in or after 1992. In a different type of deal last month Ciba-Geigy obtained production and marketing rights worldwide for veterinary products developed by the San Francisco bio-technology firm, Genentech, against cash pay-ments of \$42m plus royalties.

This programme, which involved divestments and production cuts, has proved a success. Profitability improved This to meet 1983 targets, and today, the re-organisation is practically over.

The most important with-drawal from the U.S. market took place outside the frame-work of the main profit-bosting plan. Early this year the Swiss sold the Airwick household-goods division to the UK Reckitt & Colman group

Since Ciba-Geigy bought Air-wick in 1974 it had never been much of a money-spinner.
Rather than building it up by
a major acquisition, the Basic
board decided to sell it to Reckitt & Colman.

#### Internal growth

Although Ciba-Geley does not publish regional earnings, it seems likely that the U.S.

American-owned operations. The importance of the U.S. The joint venture with Cornto the Swiss group should grow ing Glass at last takes the further. According to Dr Basle company into the diag dyes being cut back and azo-Alexander Krauer, deputy nostic sector it had long dyestuff capacities modernised.

chairman of the company's identified as an "allied basi-Executive Committee, Ciba-Geigy considers a turnover share of between 25 and 30 ledge gained in its burgeoning per cent — "We hope with a corresponding contribution to technological and bio-technological research.

The Genetech link also fits

In the further development of the American operations, the main thrust will come from internal growth. Ciba-Geigy has plenty of spare space at existing U.S. units and is investing substantial sums in such plants as Toms River/New Jersey and McIntosh/Alabama.

New production is closely linked with new research-anddevelopment activity; the United States has long been Ciba-Geigy's number two R & D location. Reccutly, pharmaceutical labs were opened at the headquarters plant in Ardsley/New York and an agrochemicals bio-technology centre at the Research Triangle Park in North Carolina, while R & D facilities are being opened at the U.S. pharmaceutical div-ision headquarters in Summit/ New Jersey.

What about new acquisitions? Dr Krauer indicates that these are quite possible, though without any major single take-over on the books.

" It is not out of the question that we could carry out some-thing similar to recent acquisitions in the second half of this year of the first half of 1986," he says, adding that Ciba-Geigy always has a certain number of take-over plans

ceuticals.

The Genetech link also fits in with Ciba-Geigy's attempts to find a niche in genetically-engineered products — which would serve its existing animal-backles. health capabilities. The American Optical deal expands Ciba-Geigy's contact-lens and lens-care business—about SwFr 200m a year and based partly Atlanta production

#### Possible acquisitions

The Spectra-Physics particlpation has more the nature of a real diversification. In fact, however, it will strengthen the nowever, it was strengthen the Electronic Equipment Division (1984 turnover: SwFr 569m), whose Swiss member Gretag has already been working on laser research.

Growth in the U.S. looks as though it will come from pharmaceuticals, where dollar sales already jumped by an im-pressive 18 per cent in the first half, and in plastics and additives. Acquisition possibili-ties might be composite materials and self-medication products. should any likely candidates appear.

The only problem division in seems likely that the U.S. contribution to group profits is at least in keeping with the American share of consolidated sales. Profit yields in the American chemical industry are certainly substantially been typical of the policy to are certainly substantially let acquisitions play a complebetter than those in Europe, whereby Ciba-Geigy says it feels its U.S. activities show up well in comparison with similar American-owned operations. the U.S. is dyestuffs. Like its stresses. Instead, recent years have seen a re-direction of the

**Minerals** moves into platinum

Lac

By Kenneth Marston, Mining Editor

AC MINERALS, the Canadian of agreements to acquire the one-third interest of Anaconda Minerals in Stillwater Mining. which owns a platinum-palladium property in Montana. The other partners in Stillwater are Chevron Resources and

Between them, the partners plan to spend some US\$40m on mine development over the next two years. Production is due to start by the end of 1987 at a milling rate of 500 short tons of ore per day.

Drilling so far at the Stillwater property has outlined proven and probable ore reserves of 400,000 tons grading an average of 0.79 oz of platinum-palladium per ton, plus possible reserves of 1.6m tons grading 0.93 oz. The ratio of platinum to palladium is estimated to be one-to-three. Gold output at Canada's Agnico-Eagle Mines recovered in the second quarter of 1985 to 17,331 oz from a below-average 13,383 oz in the previous three

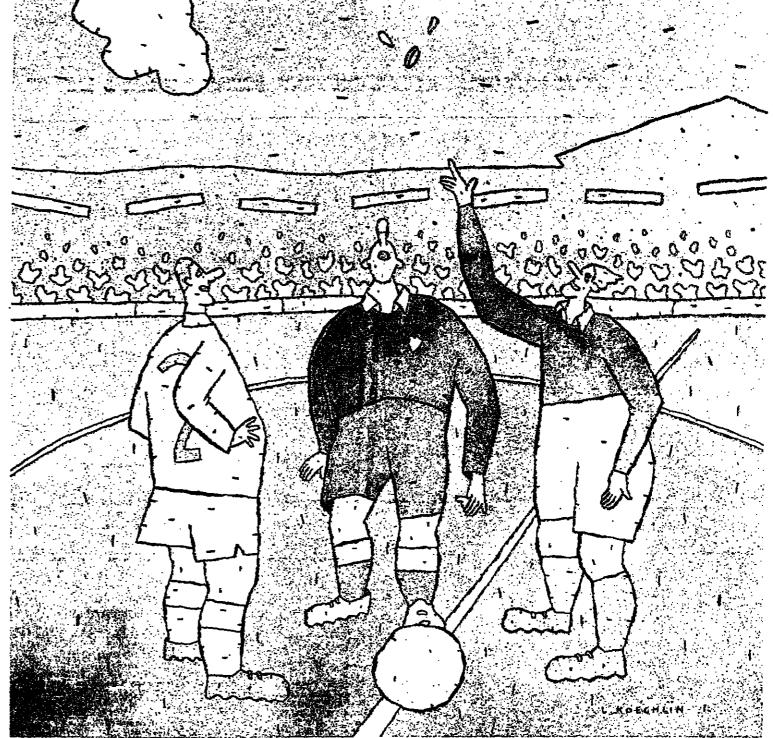
months which resulted from the milling of lower grade ore. The half-year total of 30,714 oz compares with 31,602 oz a year ago. The full total for 1984 was 59,871 oz. plus silver production of a record 1.6m oz from the

silver division.

Mr Paul Penna, the president, says that on present indications gold production in the current quarter should rise further to the region of 25,000 oz following

the commissioning of the new Telbel Mines shaft. Earnings for the first half of this year, however, have fallen to C\$1.99m (U.S.\$1.45m or £1.11m), equal to 14 cents per share, from C\$4.73m in the same period of last year.

If you toss three coins, two will always fall the same side up. Since the third coin may fall equally heads or tails, then the chances of all three coins falling the same side up must be evens. True or false?



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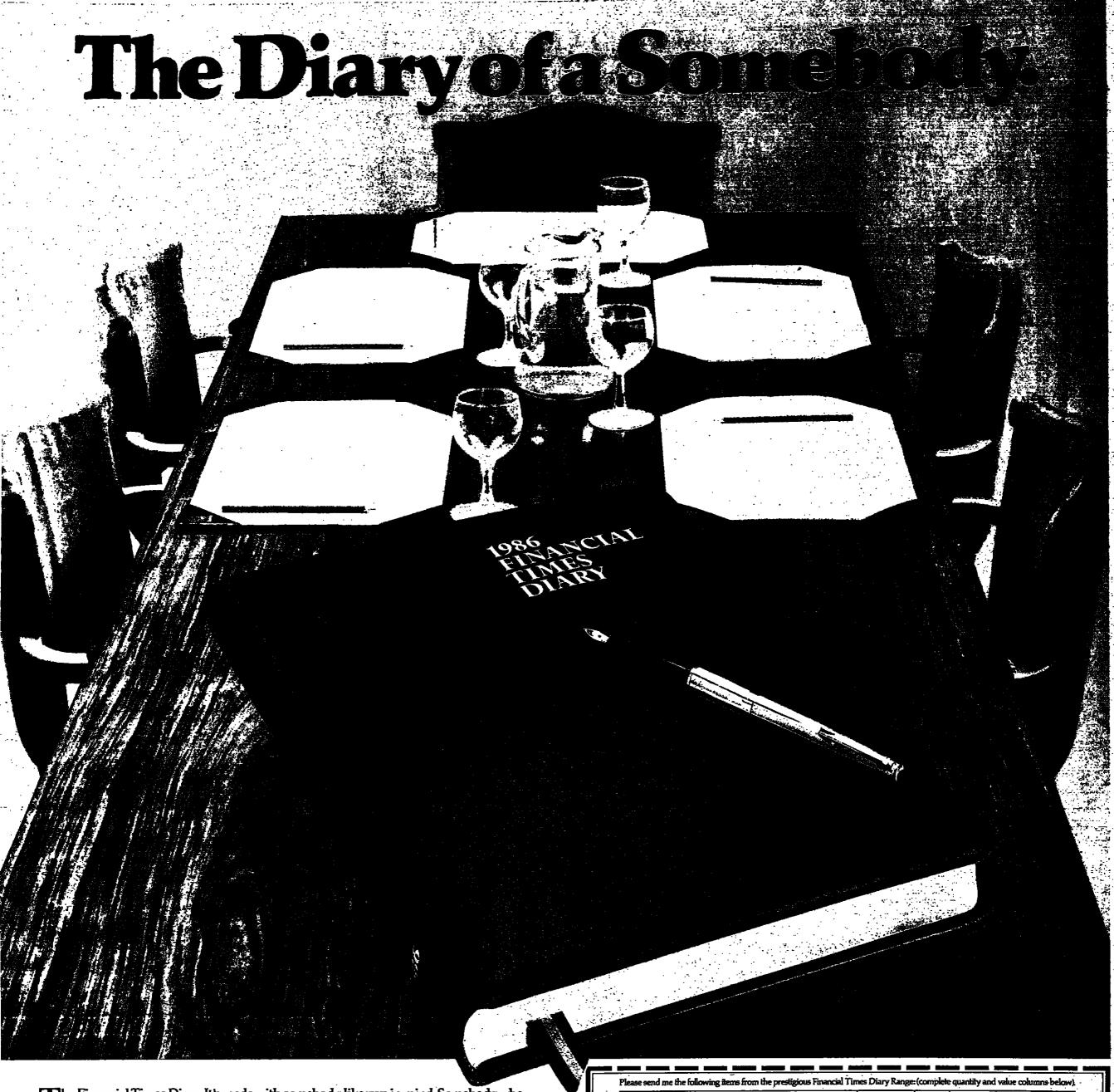
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## **EASTBOURNE** AND SOUTH WEALDEN

The Sussex resort is now widening its tourist market. A shift from an ageing population to a younger one has resulted in the need to attract industry, a need shared by the surrounding area





## Area that is changing its image

REPORT BY ALASTAIR GUILD

EASTBOURNE has never had to try very hard. The large ele-gant hotels lining the seafront, and the substantial houses on broad tree-lined avenues stretching up to the Sussex Downs behind, bear witness to an age when personal wealth helped to build and run the

town. The harsh wind of recession however, has no more respect for economies built on such foundations than for com-munities elsewhere in the country still dependent on

heavy industry. As a result the town, though slift prosperous by most UK standards, is seeking to change its image as a retirement resort, and to attract more industry and commerce as well as a proader cross-section of tourist

has shifted slowly away from an ageing towards a younger popu-lation. There is evidence of a gradual increase in young people coming on to the job market, for example, while in East Sussex as a whole there has been a fall. This is largely a reflection of the town's housing strategy since the 1960s, when it started expanding the numbers of family houses built, a trend that is now gaining

Nevertheless, the workforce

every three retired members of ing its reputation as a quality the community, one job is resort and without losing the created. In hard financial terms, support of its "existing fans." however, the elderly are seen by some in Eastbourne as a along the seafront are an innovation it was happy to accept. pull on stretched social ser-novation it was happy to a vices, without actualty spending Seaplane rides it rejected.



much of their wealth. According to Mr John Mac-donald, secretary of the local chamber of commerce: resident first sees Eastbourne as a holidaymaker or conference delegate. When he retires here, he does not see why the council should spend money on promoting tourism. But without tourism, Eastbourne would not survive."

Determined

Eastbourne Borough Council is determined, for its part, to banish the town's image as a Nevertheless, the workforce remains a smaller proportion of the population than in many to the elderly and as a town towns of 80,000, with one-third of Eastbourne's population of The results of a study by the The retirement sector is still one of the main pillars of the town's economy. Some estimates suggest, for instance, that for every three retired members of

tourism and leisure.

Eastbourne is seeking to project itself as an incentive travel destination capable of offering the facilities required by companies wishing to reward or chief executive. He typifies the new conserction of town hall panies wishing to reward or motivate staff or suppliers. To attract more families it has helped to promote a "Children Welcome" scheme with a con-sortium of local hotels. It has also launched an educational visits package.

A £30,000 feasibility study commissioned by the borough council and the Amalgamated Union of Engineering Workers is due to report this week. It could lead to a jointly-funded redevelopment and expansion of Eastbourne's conference and exhibition facilities. The union became interested as it is seek-ing a permanent venue for its

nference seminars. Traditionally, businesses have resisted the pressures for large retail space on the town's outskirts. The mood is changing, though, as a result of the shift toward shopping by car. Eastbourne's town centre cannot provide the necessary car-parking.

The Council is being urged to develop a policy for retail warehousing on the periphery, with strict controls on, for example, hours of opening, sites and the quality of the buildings them-selves. It should be a gradual process to give the town centre

central London, where they can it me to adjust.

The move by Private Patients Plan to Eastbourne with its large requirement for staff has provided a significant boost for property and it is hoped similar names can be attracted. There is, however, very little office space of 10,000 sq ft available, but the Eastbourne Park draft

central London, where they can it is says a slightly bemused for units of 40,000 sq ft plus but again present rents would do well here. Eastbourne in the town of Stiles is but again present rents would do well here. Horton Ledger. "Once rent not meet building costs. However are now doing, we hope to smaller office suites is beginning to exceed supply, which smaller office suites is beginning to exceed supply, which should push up rents from the present level of \$5 sq ft and and the town has not yet space in the town has not yet the Eastbourne Park draft

Central London, where they can is the companies in publish. Mr Neil Cleverton of Stiles that again present rents would for units of 40,000 sq ft plus but again present rents would do well here. Eastbourne is often underrate in the election communication links. Botter is a great future in the town down to the smaller office suites is beginning to exceed supply, which should push up rents from the present level of \$5 sq ft and According to Mr Jones, building retail warehouse stores in the range 40,000 sq ft available. In the retail sector, demand for large office suites is beginning to exceed supply, which should push up rents from the present level of \$5 sq ft and According to Mr Jones, building retail warehouse for units of 40,000 sq ft plus days again present rents would but again present rents would be with the satisfunction in the smaller office suites is beginning to exceed supply, which should push up rents from the present level of \$5 sq ft and According to Mr Jones, building retail warehouse for underents would and well again present rents would but again present rents would but again present rents would but again present rents wo

the new generation of town hall managers, young and very much aware of what industry

He gained his experience working for local authorities far removed from South Coast resorts, first in Bradford, then Derby, Newport and later with Haringey in London, before moving to the South Coast in 1980

"Eastbourne is not without its problems, with an unemployment rate approaching 10 per cent. But, if you look at it sensibly, you invest in a successful business, and Eastbourne has been a successful business. ful business. Its geography and

The first step was to create plan envisages making land a strengthened marketing division within the department of the way the town has been laid ment; and Sussex University is should be going to areas with bulky products round the country. The industries already in the basis for further invest-tourism and leisure.

One of the driving forces

The first step was to create plan envisages making land the way the town has been laid ment; and Sussex University is should be going to areas with bulky products round the country. The industries already in the basis for further invest-tourism and leisure.

One of the driving forces "New industry has to be complementary with skills and industries already here, such as pharmaceuticals and health care. We also want to develop

high technology industries." The town's industrial rela-tions record and its educational system, with a balance of public and private schools, are seen as further attractions for any industry thinking of coming to the town. Courses

The College of Arts and Technology has recently com-pleted an extension offering courses in hotel and catering services and "beauty care"; Brighton Polytechnic centre in the town offering short courses and Eastbourne is the focal point for its service

large pool of skilled labour in the town.

In the absence also of development incentives, it is the town's rather less tangible benefits that the council hopes will help tip investment location decisions Eastbourne's Yanv. Equally, the private sector being tapped increasingly to help develop infrastructure.
The Eastbourne Park project
will depend largely on investment by private industry with
the council providing seed money. The council is considering the formation of a joint development company to develop the park area and possibly to manage it once

"I would find it difficult to make the case for Eastbourne receiving development grants, though some public investment dependent on

Some foreign investors would value products. restrict their search to the South East, even without the attraction of grants," Mr Bloor states.

North America is one source being increasingly explored, with an emphasis on the town's proximity to Gatwick. Social and cultural factors would bear heavily with U.S. companies looking for somewhere to invest, it is felt.

Reason

In general, however, East-bourne lacks good communica-tions, especially by road. This was perceived as a major reason for Birds Eye Wall's decision to relocate its factory, with a loss of \$700 jobs in the with a loss of 900 jobs in the town. This will continue to be a disincentive for any industry transporting

value products.

The A22 alignment through Eastbourne Park, financed by East Sussex County Council, will, however, open up areas zoned for industrial use, some since the early 1960s. The statement in the Government's recent roads programme that tourism would be considered a reason for priority must have bolstered Eastbourne's case. The Uckfield bypass, due for completion by the end of 1985, should provide relief for motorists heading for the coast.

Finally, and as sure as the precise beat of the conductor's baton from Eastbourne's seafront bandstand podium, the recent elevation of local MP Mr Ian Gow to the Treasury, and its possible significance for Eastbourne is unlikely to have Eastbourne, is unlikely to have been missed by those in the town's corridors of power.

## Paradox of rent levels versus demand

EASTBOURNE'S estate agents are suppressed. Thereare scratching their heads. With rents for office space in the town standing at about £4 a square foot they are convinced that a number of companies developers to Eastbourne, but the Eastbourne Park project says Mr Clive Jones of supply.

In 1983 flemand exceeded supply. "Rent and According to Mr Cleverton, it is too early to say what effect with other South Coast towns," and supply are running their heads. Where there are four sites and supply are running to ment."

According to Mr Cleverton, it is too early to say what effect with other South Coast towns," as yellow the Eastbourne Park project says Mr Clive Jones of survival and supply are running to ment." square foot they are convinced that a number of companies would like to relocate at least part of their operations from central London, where they can

"Our next job is to attract it is too early to say what effect developers to Eastbourne, but the Eastbourne Park project no one will build speculative will have in attracting develuidings unless they can pre-lopers. There could be room buildings unless they can pre-let," says a slightly bemused Mr Neil Cleverton of Stiles Horton Ledger. "Once rent

for units of 40,000 sq ft plus

veyors and estate agents, Bracketts. "Habitat and Laura chaos."
Mr Cleverton agrees that Ashley are just two outlets which would do well here.

it is properly controlled, it could make the town more of a regional shopping centre. For instance, we would attract more people away from Brighton, with its traffic

Eastbourne—a country town at heart.

Eastbourne's easy to reach by road, (M25 A22 A27), rail (87 minutes London Victoria) and air via Gatwick by direct link. Expanding facilities at nearby Newhaven Port give fast access. to the Continent. And once in Eastbourne, the Eastbourne and District Enterprise Agency gives free business advice and help to make your journey doubly worthwhile.

In Eastbourne quality of life is no mere phrase. It's a fact, founded on solid advantages like magnificent natural setting, sunny climate, glittering year round entertainment, fine recreation and shopping facilities and plenty of good housing. The quality of life is a fact of life in Eastbourne.

For more information and facts sheets contact George Williams or Carol Miller Eastbourne Borough Council, Town Hall, Eastbourne BN21.4UG. Telephone (0323) 21333. Telex 87146

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	EASTBOURNE

## Leisure plan under way

EASTBOURNE PARK is the largest single project that the town is likely to undertake this century, and the biggest single land reclamation scheme in the south-east of

The plan is to provide a large recreation park, a country park within the town with extensive woodland and lakes that offers leisure facilities such as wildlife areas, foot-paths and cycle ways, new playing fields, sports stadium and an equestrian centre. It is hoped to provide a wide range of water sports

facilities including sailing, rowing, canoeing, model yachting and angling. The Park is also the flagship of the town's efforts to attract industry and com-merce. But that is perhaps hard to believe, just looking at the low-lying area sched-uled for development.

The draft plan makes provision for two commercial development sites, retail warehousing, a garden centre and residential development.

Though it is near the town's residential zone, one of the major hurdles facing any development would be the need to eliminate all risk of flooding over the two square miles. Drainage difficulties have been aggravated by recent building in and around Another issue, yet to be

resolved, is that of financing the provision of infrastruc-ture. The borough council believes that the project should be self-financing. At present the wet grazing land has a value of only £1,000 per acre. The betterment of an existing site for a new use, such as a science park, will contribute, the council be-lieves, to the development of

"Landscaping will be an essential part of any indus-trial development," says Mr George Williams, the borough development officer and en-gineer. "Developers will contribute to the cost of land-scaping and services, though it is not yet settled in what

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proportion.
The council hopes there will be quite a few grants available, for instance from the Sports Council, the Forestry Commission and Nature Conservancy Council.

"All those bodies have indicated their interest, and the Tourist Board recently gave a grant of £150,000 for indoor tennis courts in the Park.

The council hopes to attract mainly companies dealing in expertise with 3,000 perman-ent jobs provided in the Park. East Sussex County Council has already agreed to pay for a new route for the A22 through the park, connecting the town centre and industrial areas with the A27, the main east-west road to the north of Eastheaves. north of Eastbourne.

"We already give rapid planning decisions, The counplanning decisions. The council is always in the UK's top 10 for the number of applica-tions processed in an 8-week period and we will be speed-ing up the planning process for applications within the park area."

PROFILE: ANN CRICHTON

## Broker brings change

AS MAYOR of Decatur in America's deep South, Ann Crichton put herself "out on a limb," supporting a controversial plan by a Texas developer to redevelop downtown Decatur. The plan died after local residents argued that it would change the small-town atmosphere in the

Now living in Hove, she has different but no less ambitious suggestions for Eastbourne. "The town is an undiscovered tourist market. It has to change from being a seaside resort just for English holidaymakers to a destination for upmarket tours from America. They use Eastbourne as their base, going out to visit English vineyards, sample English cuisine and learn about 1066 country."

Another of her ventures, with the locally-based English Wine Centre, is the promotion of English wines Last September, Ms Crich-

ton established her own pany in East Sussex, to help South Coast towns like Eastbourne market themselves in America, both as tourist attractions and as places for inward investment by U.S. companies. She is also assisting UK companies which want to do business across the Atlantic.

"I help them with locations, site selections, closing the deal, cutting red tane.

Logo for a project that may stimulate 300 jobs

A park joint development

company may be set up by the

council. Anyone who contri-butes land to the development

will take a share of its en-

hanced value. "The assump-tion is, of course, that all land

will be enhanced, so such a company might work better if only a small group of ewners got together," Mr Williams

The council hopes to pre-

sent a revised proposal in the New Year, incorporating any

comments or objections to the

draft plan. Councillor Maurice Skilton.

leader of the council, says:
"The project will give the
council the opportunity to

and will also provide a timely boost to the town's tourist industry.

ployment in the borough

much-needed

encourage

Crichton: Suggestions

Aлп

immigration for key personnel, and finding financial advisors and local workers. Essentially I'm a broker."

She uses the many contacts

made as mayor of Decatur and, after 1980, as then-President Carter's regional director of the Economic Development Administration covering eight states, based in Atlanta. She then joined Peat, Marwick, Mitchell as a senior committant "Eastbourne wants to take

a real good look at itself, to make sure it knows its weaknesses and how to correct them. I'm thinking particu-larly of the need for better transportation links. Then it must target particular sec-tors, such as high tech and pharmaceuticals, and work hard to attract those industries." On balance, she feels that

high technology U.S. com-panies would be attracted to Eastbourne, as a place to live, irrespective of the lack of incentives. "This community has not had to go out and look for investment, but now realises that it has to attract tourists that it has to attract tourists from overseas to keep its service industry viable. It is also realising the developing problem of unemployment much earlier than some other areas. But if Eastbourne doesn't take the next step, that It's contracted.

then U.S. companies may go

of right. We will then com-But we are ready to meet any competition." The borough will hold the majority of shares in the new company and would have the power to sell its shares so that tion, a separate company, East-bourne Coaches, to provide pri-

cil has not yet finally decided. In preparation for its new-found freedom, the board set up a route-costing system, each route being assessed for its

commercial viability.

the government is not against financially supporting social bus services, but that profits from services at good times of the day should not be used to propup services which lose money. through the rates, subject to tendering, and revenue ploughed and equipment to enable operators to keep ahead. "Though this may mean an

#### THE DEVONSHIRE TRUSTEESHIP Presence of the Duke

will be developed for mixed industrial, commercial and recreational uses. The trustees have already agreed in principle to co-operate in the

They also own parts of the exciting industrial estate on the town's outskirts where, over

the past 15 years, the trustees have built 17 speculative factory units. The latest unit, of 10 489 on ft has been let at

an annual rent approaching

2.01,000.
"For many years, there have been tax incentives for private

industrial buildings, though

that will end in March next year. The units have also pro-vided income and a hedge

against inflation, certainly in

family also wants to do what it can to improve things," says Mr Wainwright.

The great bulk of the land disposed of has been sold since 1950, when the 10th Duke died,

investing

ARCHITECTURALLY at least, has two assistants, and devotes Eastbourne's splendid seaside facade and your average advanced factory unit may have little in common. But both are reminders of the Duke of The trustees' landbolding in

reminders of the Duke of The trustees landholding in Devonshire's presence in, and influence on, the town.

To explain: in 1782, Lord George Cavendish, the 4th Duke's second son, married the daughter and heiress to the Marquess of Northampton, who myred two thirds of the parish. owned two-thirds of the parish of Eastbourne. In 1849, when the railway arrived, the 7th Duke set about the town's development, including virtually the entire seafront. He granted long lesses over many granted long leases over many of those properties.

However, in Eastbourne, unlike many other towns and cities, the lessee had the right to buy the freehold within 10 years of the grant, while the Duke could take out restrictive

In 1899, for example, the trustees obtained a court in-junction to prevent a Mr Brookshaw from using his premises as a fish shop.

Approval

The Trustees of the Chats-worth Settlement, who today look after the Duke's interests in Eastbourne, still administer covenants over much of the town, including the sea front. Anyone wanting to alter a building or change its use has to meet with the approval of both the Trustees and the planning authorities.

"We still influence things, mostly we feel for the good, but I suspect with less ferocity." says Mr Richard Wainwright, agent for the

aged 55, a few days too early to save a vast amount of estate duty following a gift during his lifetime. At that time, the con-tinued ducal interest in East-Up until the 1950s, the agent ways of raising money to pay ad a total staff of 60. He now duty were devised. Good

helped but much land had to

Now the two major sources of income for the estate are the factory units and gravel extraction in the Crumbles, with the trustees' income based on a royalty on the amount of

gravel quarried.

However, the Crumbles has for some time been earmarked by the trustees for something more ambifious. In the early 1970s the Eastbourne Harbour project was conceived. In 1975, the enabling legislation was defeated in Parlament, though it eventually received the Rojai

Speculative

"Before they could even start developing the inland state for housing, the trustees had to raise £50m to build the harbour. That sort of develop-ment is extremely speculative." "Despite contacts at national and international levels, with the trustees prepared to enter into partnership with any developers, no one has come for-ward."

The trustees are now investiprosperous parts of the country.

"The Duke sees Eastbourne
as a long-term investment,
though for 100 years it has been
more a case of selling land. The gating the development of the area without a harbour initially but leaving open the possibility of building one at a later date. "I hope the Chatsworth Trus-tees still have a part to play in the years to come," says Mr Walnwright. "But I suspect it will not be quite such a glamorous or important one as the role played by the Duke and his advisers 100 years ago. In those days there was a curious blend of feudalism, liberality, benevolence, entrepreneurism and, I believe, good manage-ment which has made East-

TOURISM AND CONFERENCES

## Marketing: the key to growth

face a dilemma—how to fill their rooms. They could take more package tours. But people on package tours don't spend as much as full paying guests and, it is feared, could in the long term detract from the town's reputation as a resort of style and elegance.

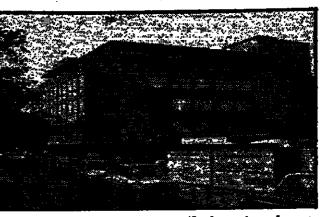
Conference business is one way out and is being explored by the three largest hotels, part of the de Vere group. Conference delegates spend three times more than the ordinary Eastbourne holidaymaker, suggests one recent study. "The Cavendish was late to

realise that conference business is the way to go, and that tourism is no longer a major part of our trade," says Mr Howard Fradley, that hotel's general manager.

Holidaymakers were in the majority two years ago, though the season was limited to Easter, the summer months and Christmas. Now, two thirds of the Cavendish's business over the year is provided by conference delegates. They often bring their families and make a holiday of it, contributing £1.2m to the hotel's revenue. The Cavendish itself hosts

national conferences and this year is the venue for an inter-national gathering of radiolociete A sales team also markets the hotel to companies running training courses, especially in information technology. British Telecom is one of its largest

The group is spending more than £500,000 on refurbishing the hotel's lounge, restaurant



The Congress theatre which houses Eastbourne's conference centre. Hotels are now aiming for conference business

"Our strategy is to aim for leisure club in its basement and the exclusive end of the market £250,000 on a conference room in organised tours," says Mr with sophisticated lighting and

Cavendish, the Queens and the Grand are necessarily in competition for conferences or training courses. "They each have their separate identity."

The Cavendish can accommodate up to 220 delegates in its meetings rooms. The Queens has nine smaller training moms. while the Grand has arguably the best conference room in Europe.

Though the Grand's private clientele continues to be important, 65 per cent of its business comes from conferences. "The balance is almost right," says the hotel's general manager, Mr Peter Hawley. It sold 34,000 conference sleeper nights and 18,000 private sector nights last year, and has just spent £1.2m on refurbishment. That figure includes £300,000 on a new

audio visual presentation techniques. It is also spending £75,000 on computerising the reception office in the hotel. The Grand is often headquarters hotel for the larger town

conferences, but is itself hosting more and more national sales or senior management con-ferences, for example American Express, CBS Records, Fords, and IBM. In addition, a number of pharmaceutical companies launch new drugs to their sales force in the hotel.

Mr Hawley says: "They come here because it is all under one roof; they have a captive audience; Eastbourne offers fresh air, and it is not far from Gatwick or London.

invested in new buses and

coaches with a view to cascading

those vehicles down to the

ordinary bus fleet in later years.

the opportunity to buy good value secondhand vehicles which will in turn give it an

edge on other stage carriers," says Mr Bowker.

And EBT has just taken a franchise on a parcel despatch

post from TNT Road Freight (UK), and is incorporating this

into its MOT testing station.

Eastbourne companies can bring parcels to EBT and the

carrier. TNT, then collects them from EBT which charges a com-

mission for handling the

the council, for sale at cost. Prices range from £21,100 for

two bedrooms to £26,000 for three bedrooms.

Franchise

"The bus company will have

should develop the market for up to 2,000 delegates and leave the other centres to fight for

the isrger gatherings."
There are signs that the town is taking its task more seriously.
The local borough council is strengthening its conference marketing and production service and has appointed a conference researcher to strengthen the conference sales team. Soon it hopes to take on a sales manager, with a team to arrange conferences.

In the past year, the East-bourne Hotels Conference Consortium has also increased its marketing effort. The group marketing effort. The group consists of council and hotel representatives. The idea is jointly to promote the town's conference and exhibition facili-

Photographics C. District

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Argour

The borough council has com-The borough council has commissioned jointly with the Amalgamated Union of Engineering Workers a feasibility study that will assess present facilities in the town and the need for additional conference and exhibition suites on the site. and exhibition suites on the site of the existing complex.

Eastbourne's conference

of the existing complex.

Eastbourne's conference season, last year worth £6m, is being extended through to mid-July. From 1986, hotels could improve their occupancy rate in June and July and the town is now competing for hitherto university-based conferences.

Eastbourne is already taking

Eastbourne is already taking bookings for the 1990s. "Thereis tremendous scope to improve business for the town," says Mr Michael Mitchell, director of tourism and leisure. "It is a "But the outcome of all this investment depends on the town marketing itself. There is a limited demand for very large investment depends on the town we are building up the research and marketing effort and our rewards will come from that."

PUBLIC SERVICES

## Strong drive to commercialise

THERE IS a thin dividing line ments with the other operators desirable services should go the council will buy a share in in Eastbourne between public and we don't know whether they out to tender, whereas now the dwelling.

THERE IS a thin dividing line ments with the other operators desirable services should go the council will buy a share in out to tender, whereas now the dwelling.

THERE IS a thin dividing line ments with the other operators desirable services should go the council will buy a share in out to tender, whereas now the dwelling.

THERE IS a thin dividing line ments with the other operators desirable services should go the council will buy a share in out to tender, whereas now the dwelling. ever practicable, the local borough council is handing over generally autonomous boards. other areas, such as housing, Eastbourne Borough Council is working in partnership with in-dustry to develop local infra-

In transport, Eastbourne has gone perhaps further along the commercialisation road than any other borough. It was the first local authority to set up a board to run the local buses, a concept further developed in the current Transport Bill. It is reputed, incidentally, to be the oldest municipal bus operator in

#### Respond

The board, operating 50 buses and coaches, has seven elected members and is autonomous, except for decisions on fares and capital investment. "The wonderful thing is that the wonderful thing is that the board can go out and respond to the market," says Mr Roger Bowker, general manager, East-

Subject to the passing of the Transport Bill in October, EBT will become Eastbourne Buses Ltd. At present, it is in competition with two other stage
carriage operators in the town.
"There are no formal agreethat loss-making but socially

Eastbourne Buses could go wholly private, though the coun-

"The government maintains that cross-subsidisation has stinted growth. I believe that

increase in public spending on transport, at present it is the bus company which is taking on the social conscience of the town by operating loss-making services. We make no profit from running buses. Once loss-

houses also on shared owner-ship. For a £21,000 house, the ship. For a £21,000 house, the occupier would pay £31 per week in mortgage repayments and rent. The other half of the house is owned by the council. The council is about to inaugurate a "do-it-yourself shared ownership" scheme. Anyone on its waiting list, or any existing tenant, will be able to go out and find a house costing anything up to £35,000 and

ownership within reach of lower

income groups," says Mr Peter Kegg, director of housing, health and community services. In 1979, East Sussex was third vate coach hire, MOT testing and bus tours. Profits from these activities will be refrom the top of the country's house price list, but third from the bottom in male earnings. "It remains essentially true

that it is a low-income area and that house prices are compara-tively high. So the thrust of our policy is to solve the housing problems of locally-employed families, especially young families with children."

Sixty houses are under construction on a green field site and the council is about to let a £4.5m contract for 160 more houses and flats.

"We are very concerned about the quality of the environment on such estates. Houses are semi-detached with double glazing and parking alongside, and they don't cost that much more to build than the traditional terraced home."

The council has also improved 700 houses since 1982. It offers tenants a full choice of In housing, the council is working in partnership with private developers. Rendalls, for example, has built 48 houses for modular modernisation tech-niques. Tenants can design their own internal layouts, with rent increases related to the cost of improvements. The work is carried out by a private contractor, with the average cost per house of £3,700.

"Typically, improvements the contractor of £3,700. The council is offering these

take no more than three months. We are aiming to cut red tape and increase tenants' choices. This was an older-pre-war estate where nobody wanted to live; now there is a long waiting list.
"Eastbourne has always done

everything to maximise capital receipts and to minimise capital expenditure."

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EASTBOURNE ENTERPRISE AGENCY

## Essential advice service

IN JUNE 1983 Birds Eye Walls announced that the pro-duction of its frozen cakes and desserts would move to its Gloucester factory in

its Gloucester factory in spring 1987 as part of a restricturing programme.

Even with four years leeway, Eastbourne Borough Council lost no time in planning for the less of 900 jobs in the town. One of its first institutions itatives was to support the formation of the Eastbourne Enterprise Agency (EDEAL). Birds Eye provided the agency with an office and

secretarial support,
"So far we have been con centrating on getting small businesses started and sav-ing others from collapse," says Dr Fred Hamblin, EDEAL's director.

EDRAL is one of a number of similar agencies to spring up in East and West Sussex. It provides free confidential se advice on starting

ages of the area as a whole. It also alerts business people to courses and seminars and pro-motes collaboration and exchange of information with

So far nearly 270 EDEAL clients have been counselled and about 50 jobs have been created or saved. New in-quiries are being received at a rate of 10 per week, 70 per cent of them about ways of raising finance and 10 per cent about ways of obtaining premises and planning per-mission.

Inquiries have ranged from one client wanting to manup-facture a plastic clip to another considering setting up an zerobics school, to yet another seeking marketing advice on car windscreen cugraving.
"We are now talking about

trying to attract firms from Europe to set up subsidiaries in Eastbourne. But unless we have more resources, both of

involved in research into the

rardio vascular area, which should yield results in some two years time. This drug would be

manufactured in Eastbourne, and we are always on the look-

out for drugs to manufacture

Eastbourne's cosmetic com-panies have suffered no such

setbacks, however temporary. Intergen Beauty Products, the

soap and toiletry manufacturer, which five years ago had a staff of 65, now employs 120. Its annual turnover in 1960 was

Soon it is to market a control-

of-infection and hand cleaning system developed by the Pro-fessor of Microbiology at the local General Hospital. The

nurse, doctor, dentist or vet first uses the anti-bacterial spap

to remove major contamination, and then applies a hand lotion containing anti-bacterial agents.

The company bought its present factory of 35,000 sq it in the early 1980s, and installed additional liquid filling plant for making shampoos, hand lotions and creams. According to MC Graham Robinson International Company Robinson International Comp

manufacturer for supermarket

Mr Robinson expects toiletry

Last year it reached

time and money, we wan are be able to tackle overseas promotion. It might be possible to link up with the borough council on a European promotional trip."

Countries mentioned by Dr Hamblin as possible targets include Switzerland and Germany. During the 1960s, he was chairman and managing director of ICI in both countries, responsible for the sale of all ICI products and for advising on acquisition and the construction of new plants.

More recently, Dr Hamblin served as honorary chairman of the Federation of Sussex Industries and is now its president. He has also led two overseas missions to the Gulf States and to South Africa.

EDEAL has set up a Small Africa.

He still maintains contacts
with Germany and is vicechairman of the Anglo-German Society, and of the Businessmen's Club. The first two meetings each attracted over 90 people employing fewer than 50. They meet to exchange ideas with others

On of his first priorities has been to help local companies wanting to export, advising on government aid, on over-seas market research, grants, agents and BOTB missions. He also feels it is important to keep in close touch with other organisations giving assistance to businesses to avoid duplication of effort.

The agency keeps an eye out for any existing businesses in the area running into difficulties and "tactfully, Fred Hamblin: keeping in offers assistance. We also want to identify the infraclose touch in a similar situation to themstructure, transport and plan-ning needs of local businesses selves and hear success stories. The agency hopes that, in addition, the club will encourage inter-trading, col-laboration and even mergers and to bring them to the attention of the appropriate

between small businesses Much of what has already been achieved might not have been possible without the long breathing space provided by Birds Eye, says Dr Hamblin. PROFILE: SSP PUMPS

## Workforce a strong asset

THE NEXT time you turn on a tap in New York, spare a thought for an Eastbourne company, SSP Pumps. It has provided its products for 75 per cent of that city's water per tent of that chys water treatment and primary sew-age system. It is also the largest supplier of rotary lobe pumps to Japan, with annual sales of over £200,000.

Seventy five per cent of SSP's production is for export, but it also sells to all the major UK water authorities. The food, beverage and phar-maceutical industries are other major users,

According to Mr Ken Smith, its managing director, the company's success has been based largely on the co-operation of the workforce over the practices.

Over the past two years, SSP has spent £1.5m on automation, introducing numerically controlled (NC) machines and computer-based design systems. It doubled its turn-over without increasing the workforce and has gone from zero return on capital employed to 25 per cent re-turn since 1983.

The company has bought additional factory space and sims to double production without adding more than two or three employees. At present, 50 per cent of mach-ining production is numeric-ally-controlled. By 1995, that will rise to 85 per cent,

Willingness

"In Eastbourne there is a tremendous willingness to learn," Mr Smith says, "There is no deep-rooted union base objecting to automation. Some of our competitors in other parts of the country do not have such flexibility.

"There are minimal layers

workforce, There are no lines of demarcation, either. An employee could be operating a machine one day, in the paint shop the next, and on the assembly line the day after. So I don't need to employ people who are not fully occupied for 40 hours a week."

As its part of the hargin

As its part of the bargain, SSP offers employees a cost of living agreement and they can earn between three and four per cent additional points directly related to the company's profits in the year of achievement. Profit share is not consolidated, so that if the company makes a profit one year, employees receive their share that year.

"All of the 87 shopfloor staff are trained in house. Every job which we planned to have up and running in nine months we have had up and running in three."



## A search for more business

EASTROURNE wants more industry, though not at any cost. It never has had mills, mines, foundries or refineries and does not want to start now. Instead, it is seeking to build on an established base of "clean" industries, such as pharmaceuti-

cals and cosmetics Revion Health Care (UK), part of the U.S.-based multinational, with a workforce of 380 on two sites, is the largest employer in the town, after the Dental Estimates Board, Bird's Eye Wall's and the local

When, last November, Norman Fowler announced the Government's plans for limited list prescribing, the irony was not lost on Mr Ken Fitch, Reviou's UK chairman and managaing director. Not long before, the Secretary of State had opened a new sterile plant and updated and extended pro-duction facilities in Eastbourne, partly to manufacture two of the drugs left off the list.

#### Revenue cut

Since the announcement, Berk Pharmaceuticals, part of the Revion group, claims to have lost 70 per cent of its business in Asilone and Muco-divine. "Nearly 100 july years." dyne. "Nearly 100 jobs were lost due to the cut in revenue, jobs in manufacturing and other support functions. Last November we stopped all recruitment, though with early retirement there were very few redundan-cies," Mr Fitch says. For marketing purposes, Rev-

to Mr Graham Robinson, Inter-gen's managing director: "That side has developed dramath-ally. With the addition of another soap line last year, we are again short of space." The company manufactures 45m lon has kept the names of the companies it bought in 1975 and Armour Pharmaceuticals respec-They had a combined tively. annual turnover last year of £40m.

The group is currently awaiting the result of an appeal against the delisting decision,

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production to rise to 20m pieces over the next five years. He predicts a small increase in intergen's workforce in six months' time, though with more and says that it could quite easily fit Asilone and Mucodyne back into its line. The new advisory committee to the Minister meets on September 24 investment in automated machinery. The company has already spent £150,000 this year on filling and capping equipto review the appeal. "The company has reacted to the delisting in the search for new products," says Mr Fitch. "In the U.S. we are now heavily

#### Optimistic

With Eastbourne's proximity to Gatwick and sea ports, he is optimistic that exports, currently 20 per cent of production, will increase, particularly to Canada and the U.S. The com-pany has just signed a contract to supply U.S.\$2m of soap to North America.

"My only reservation about Eastbourne's drive to attract more pharmaceutical-type com-panies is that they tend to target companies already here for staff. It is the companies that pay their staff more will hold on to them.

ill hold on to them. Eastbourne must welcome
"Ordinary health care pro- prescriptions such as these.

cannot afford to compete with the rates offered by drug com-nanies. so our short-term panies, so profitability 20 OUL threatened if we had to pay our staff more to keep them.
Whenever he has had to recruit one. Mr Robinson has also been concerned by the apparent dearth of good engineers in Eastbourne. According to Herr Klaus
Jerzembeck, technical director
of Goldwell (Hair Cosmetics),
the cosmetic industry benefits
a town like Eastbourne without,

at present, a large pool of highly-skilled workers. "Our general workforce can be trained fairly quickly," he says. Goldwell, a German-based company, has progressed from 2,000 sq ft of factory floor space in 1971 to 75,000 sq ft in Next year it expects to add 20 to its pres workforce of 80 as it completes its first export orders for Belgium, Holland and France.

SOUTH WEALDEN DISTRICT

## Better dialogue with industry

SOUTH WEALDEN is perhaps the last place anyone would expect to find problems of unemployment or dereliction.

At the same time, however, the council notes that while it is prestige sites in the district which extract attention, the which extract attention, the beautiful problems of the council notes that while it is prestige sites in the district which extract attention, the ward important in a rural the district has escaped lightly. also very important in a rural tablets of soap and over 4m toiletry products each year, mainly as an own-label contract And, in Merrydown, the wine area, and cider makers, it has a As company which last March Weal announced pre-tax profits of another time in its history.

The state of the company of the company which last March Weal announced pre-tax profits of another time in its history.

The state of the company of the

But the district does have several industrial sites which, the council felt, had been vacant for 100 long. And there are comparative employment black spots, such as the remote rural villages where there are few prospects and poor com-

In 1982 Wealden district council decided to draw to-gether the range of services it provided to deploy them in support of commerce and insupport of commerce and in-dustry. It wanted to encourage a healthy growth of start-up firms and to recognise the changes taking place in sur-rounding employment centres, for example the closure of Birds Eye Walls plant in East-

Two years ago it established the four cornerstones" of a new approach. First, it set out to improve dialogue with industry and commerce. An economic development officer economic development officer
was appointed, to make contact
both with others giving advice
in the industrial field and with
industry and commerce itself.
A good relationship and dialogue was developed with, for
example, the Council for Small
Industries in Rural Areas, the
Federation of Sussex Industries
and the South East England and the South East England Tourist Board. It has already proved helpful to be able to hand inquirers on to exactly the sort of help they are seeking and the district council is now

to see for themselves the working conditions and problems faced by industry, with the first of these visits arranged for this autumn. The council is to reciprocate by holding a reception to draw together some of the lessons learnt.

It has taken part in exhibitions, such as the South of England Show and an exhibition of converted farm buildings, to

of converted farm buildings, to show both the agricultural and small business community what can be schieved by imaginative ceuse of redundant facilities. can be schieved by imaginative fully. Considerable entires layer the council has also worked with the private sector to encourage development and is dealing with a range of issues, from new town centre developments, to by-passes, and a relocated railway station as part promotional activity, especially of its promotion and publicity campaign.

As planning authority, Weslden handles more than 4,000 building regulation and planning applications a year. The speed of determining planning applications has been ning applications has been improved, but the council considers that it might be helpful to do more than simply make decisions.

One possibility being considered, where it is necessary to refuse permission, is to accompany the refusal notice with a letter from the employment development officer explaining the decision in less formal language, and suggesting alternative sites in the district or elsewhere where the development might be acceptable.

#### Inolvement

The fourth prong of the council's new approach is a far greater involvement with the work of other agencies in the area. For example, staff have area. For example, staff have worked closely with the East-bourne Enterprise Agency on a range of projects and are now involved in researching the possibility of obtaining EEC funding for retraining courses to be organised by the agency. They are also developing a publisher compaign to profitue publicity campaign to produce an improvement in Eastbourne's transport links with the rest of the South East.

In addition, the district council has been instrumental in establishing the Great Weald Enterprise Agency to be based in Tunbridge Wells/Tonbridge.

The council considers it may be receible to facilities a mail. a financial supporter of some of these organisations.

Groups of councillors are to visit companies in the district to see for shemselves the work-to see for shemselves the workits attempts to develop Herst monceux Castle as a tourisi attraction and conference centre and the council has offered financial and other assistance towards this.

The council is pursuing developments of its own, such as the creation of a business park in Maresfield, and hopes that it can encourage others in the district to develop sucressfully, Considerable efforts have



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Tuesday September 17 1985

## Mrs Thatcher strikes back

SINCE the world of spying and intelligence is, by definition, intended to be secret, it is impossible for the outside world the security services might in to judge, in any detail, the other circumstances have been respective merits of the tit-for-content simply to keep under tat expulsions by Britain and observation. the Soviet Union. On circumstantial grounds it strongly speculate v looks as though the UK had Soviet citize much stronger justification for its original expulsion of 25 Soviet citizens, than Moscow did for its retaliation; it follows that the UK also had some justification for its counter-retaliation. But the episode retaliation. But the episone can only cause concern at the damaging impact on UK-Soviet relations, at a time when both governments have ostensibly been trying to get on better terms; more particularly, it could sour the international transfer in the run in the tmosphere in the run up to the rucial summit meeting etween President Reagan and

We have not been told what exactly the first contingent of 25 Soviet citizens had been up to. But since the British Government has declared its desire for better relations with the Soviet Union, it had no possible incentive for expelling possible incentive for expelling them gratuitously. The timing of the expulsions may have been triggered by the defection of Mr Oleg Gordlevsky, the former KGB chief in London, but that does not mean that the substance of the British complaints against the

By contrast, the Soviet retaliation was transparently and exclusively a retaliation. To charge that a newspaper corres-pondent, who had only been in Moscow three weeks, was spying defies all credibility. The very transparency of the retaliation may have born intended to impress the British Govern-ment with the toughness of the new leadership in Moscow; but it was not likely that Mrs Thatcher would fail to respond to toughness with toughness.

In theory, there is an un-written rule of "proportionality," by which sanctions against a foreign country's elation to the overall size of its representation, official and unofficial By exactly matching the British total of 25, the Soviet Union ostentatiously broke this unwritten (and unenforceable)

of other Soviet citizens who had engaged in spying, but whom

It may be legitimate to speculate whether all these Soviet citizens can really have been engaged in activities which seriously threatened the security of the British state. It is, after all, the business of diplomats and journalists to glean information, including information which is supposed to be secret, about their host country. There may therefore be a case for a degree of tolerance of low-level intelligence gathering, provided it is kept under observation. The sheer size of the Soviet continindeed, the policy the British Government had been following, at least in some cases. Yet the intrinsic secrecy of this kind of husiness, even if low-level and relatively innocuous, makes it impossible for the layman to reach an informed judgment.

#### Defection

Yet this episode comes on top of a series of parallel epi-sodes, in West Germany and the which indicate that the Soviet Union and the East bloc allies engage in spying on a massive scale. Whether this really serves their long-term interests, only they can judge; but the defection of a leading spymaster must be a blow to their intelligence network, and the repeated exposure of their penchant for wholesale spying can only undermine the credibility of their protestations that they seek better political relations.

It is not probable that this incident will inflict any direct damage on the prospects for the Reagan-Gorbachev summit: for both leaders, the stakes in Geneva are too high for them to be distracted by what should turn out to be a passing epi-sode. On the other hand, in the minuet around the nuclear weapons negotiations at Geneva it is manifestly part of Mi Gorbachev's game-plan to manoeuvre the west Europeans into urging concessions out of President Reagan. That game plan will work less well if he insists on alienating President's rule. Such an infraction would insists on alienating President's not, in itself, justify Britain's Reagan's most loyal European

## The challenge for Mr Palme

long-serving Social Democrat leader, must be a considerable irritant for Conservative irritant for Conservative politicians in Western Europe and the U.S. On Sunday, he won yet another general election, albeit with a slightly reduced majority, having spent the final weeks of a vigorous campaign pouring cold water on the "callous neo-liberalism" he maintains holds sway elsewhere.
Mr Palme and the Swedish
social democrats have convincingly defeated the political challenge posed by a more radical and libertarian Conservative Party led by Mr Ulf Adelsohn.

A year ago, it seemed briefly possible that Mr Adelsohn might break the mould of Swedish politics. The Conservative Party, advocating greater individual freedom, lower taxes and a smaller public sector, was running almost neck and neck with the Social Democrats in the polis, Now it appears the Swedish electorate has chosen to play safe and stick with the policies—the over-riding com-mitment to social welfare which have served the country well for half a century. Mr Palme remains one of the few Western leaders who can proclaim an absolute commitment to the pursuit of full employ-ment and the further development of the welfare state with-out losing credibility with the

#### Confidence

Mr Palme may have won the Mr Palme may have won the electorate's confidence but it is increasingly doubtful whether his old-fashioned approach to economic management can rejuvenate Sweden in the 1980s. One problem for Sweden is that Mr Palme's re-election postpones the prospect of a One problem for Sweden is that fundamental reassessment of the Social Democrats manage economic and social policy in the economy so skilfully within Sweden. The Social Democrats the confines of their overall philosophy that the philosophy itself is made to look artificially philosophy that the philosophy itself is made to look artificially of the 1970s were allowed to attractive. How many countries, continue, the public sector after all, could cope with the pressures created by a public sector which absorbs some 65 per cent of GDP. They have reluctantly applied the fiscal brakes. But this negative fiscal brakes is no substitute for reputation as an imaginative and flexible borrower. It is interesting, for example, that despite its formidable external debt, some of Sweden's floating initiative and market rate paper is trading at or he debt, some of Sweden's floating initiative and market rate paper is trading at or below the yield on the \$2½bn stagnation which set in during Euromarket issue launched by the late 1970s may prove

the UK yesterday.

also done as much as it can to limit the impact on incentives and economic efficiency of its abnormally high tax burden. The tax base has been broadened and overhauled in the past two years: the percentage of workers facing marginal tax rates of above 50 per cent has been reduced from about a half to a fifth. The Swedes have also been remarkably adept in handling the macro-economy.

Unable to expand domestic demand through fiscal relaxation because of the huge public debt, Mr Palme has contrived to combine low unemployment with record corporate profits and quite respectable GDP growth. The trick was the sub-stantial devaluation late in 1982 which created an unprecedented export boom.

#### Stagnation

It is likely, however, that Mr Palme was re-elected in the mick of time. Throughout the summer there have been signs of economic problems coming home to roost. The government has failed to meet its inflation rargets and the current account and budget deficits, briefly brought under control in 1983 and 1984, are beginning to pose a new threat. In a confidential assessment, made public after leaks during the campaign, the International Monetary Fund warned of the need for austerity in the autumn. Whether the Social Democrats, the control of the dependent as they now are on Communist support, can effect the necessary measures must be

F British Aerospace clinches its agreement to sell 48 Tornado aircraft to Saudi Arabia, the £3bn deal will be a huge boost not only for Britain's arms exports but for the most ambitious and controversial exercise in international

versial exercise in international armaments production.

Three governments, four armed services, three major aerospace prime contractors, three engine manufacturers and more than 200 defence companies are involved in the Tornado programme, which has already cost Britain upwards of filbn and is ultimately likely to cost the three partners over £30bn. £30bn.
The Tornado collaboration is

unique: each country makes part of the fighter-bomber and then aircraft. Last Tuesday, for example, a set of wings arrived example, set it was a lifeted at British Aerospace's factory at Warton in Lancashire from the Aeritalia factory in Turin. Another purpose-built truck arrived in Warton the next afternoon with the centre fuselage from Messerschmidt Bolkow Blohm's works at Augsburg. BAe then sent the cockpit, rear fuselage, fins and tailplanes

southwards to its Italian and German partners.

The trucks have travelled the same route for more than five years and they will do so at least until 1989 when all 809 production aircraft originally ordered have been delivered. Tornado is conceived as the mainstay for Nato's European counter-attack forces until well into the 21st century. Though

it has been in service for less than three years, controversy has surrounded it from the beginning, with its costs and even its usefulness challenged. Yet so sure are the three governments and their industries of their collaboration that they have decided to continue working together well into the 1990s. Britain, Germany, and Italy agreed on August 2, after two years of negotiations also involving France and Spain to go ahead with a new agile European fighter aircraft (Efa) for

Spain, though not France, has since decided to join them. Officials are already meeting to define the new aircraft more closely. Full development will start a year from now, with the aircraft coming into service in

1995.
The key importance of the Saudi deal on Tornado — Britain hopes to sign the outline agreement before the end of this month — is that it will help prolong the production lines at Warton, Turin and Augsburg
— until the new fighter takes
Tornado's place in 1992.

Meanwhile, the experience of collaboration on Tornado and the lessons it holds for the new fighter are being thoroughly evaluated, Lessons in four areas stand out: Tornado's early development; production arrangement; management; and finan-

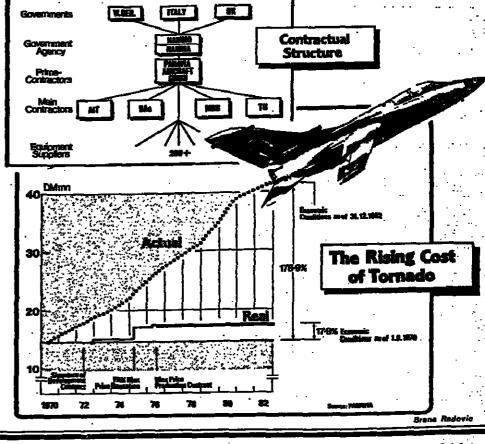
 Development. All three nations accept that Tornado had a confused start and that costs in actual — though much less in real — terms have been much greater than foreseen. The rea-sons include over-ambitious specifications, which were then changed later, and above all of a new engine and a new air-

Tornado as conceived in the

The Tornado programme

# A unique partnership succeeding against the odds

By Bridget Bloom, Defence Correspondent



tracted as those over Efa saw Belgium, the Netherlands and Canada withdraw and Britain join the project which by 1989 was being designed to produce what was called a multi-role combat aircraft rather than a straightforward fighter. Today, Tornado's two ver-sions fulfil five main roles. The

interdiction - strike aircraft (IDS) is capable of short and medium-range battiefield sup-port, as well as of long range intediction: it can fly very fast, at levels below enemy radar in the dark or poor weather to bomb targets well behind the front line. A total of 644 IDS Tornados are being built, with Britain taking 220 324 and Italy 100. 220, Germany

The second air defence version is being bought only by Britain. Its 165 ADV Torns will protect Nato well into the North Atlantic as well as pro-vide for the air defences of the UK itself.

Once designed, there were no major changes to Tornado's air-frame, but officials describe hundreds of modifications which they say added at least the which they say author it read 7 per cent in real terms to the aircraft's costs up to 1982. (They say it will be easier to adhere to specifications for the Effa since its prime purposes as an agile fighter is already agreed).

However, the critical element in Tornado's rising costs was the decision to develop a new engine the RB 199, at the same

time as the new airframe. The engine, involving the contro-versial new technology, held up flight testing of Tornado for nearly 18 months. Officials now accept that the new fighter must be flighttested with an interim engine while a new one is developed, but while Britain is insisting

Lockheed Starfighter F104 air- very few weeks.

Only 10 per cent in real terms has been which has generated a great these options out of court. The craft in service in Europe with A final lesson of the develop- over ten years (1975-85).

Dutch and Canadian air forces.

Negotiations almost as pro
Only 10 per cent in real terms has been which has generated a great these options out of court. The much more modest — 17 per deal of heat but not too much Tornado partners believe, and the changes to the light: has the collaborative they are almost certainly right, specification of the aircraft Tornado proved (and will Efa that they have created a great these options out of court. The much more modest — 17 per deal of heat but not too much tornado partners believe, and they are almost certainly right, are taken into account, 10 per prove) to be more cost-effective partnership which will now last.

ine Government in a artom joint programme, has been building a demonstrator aircraft at Warton which, while not identical to Efa, is being used to test the variety of new materials and technologies to be used in the new fighter in advance of line production advance of line production. Britzin argues strongly that this aircraft—due to fiy next June—will greatly speed the Efa development and keep

Britain would like also to apply the demonstrator prin-ciple to the new engine, turn-

competition between electronics or avionics companies, each country has only one airframe and engine manufacturer. Management. Tornado is managed by a joint management agency (the Nato multi-role-combat-aircraft development and production management agency, Namma, and its policy organisation Nammo). It is pro-duced by Panavia and there is ciple to the new engine, turn-ing the present government. Each government also has its aided Rolls Royce development of the XG 40 experimental Britain's is currently 30 strong.

Tornado is conceived as the mainstay for Nato's European counter-attack forces until well into the 21st century

fighter engine into a full-scale trinational demonstrator pro-

Tornado is formally produced by Panavia, a joint company formed by BAe, MBB and Aeritalia, Panavia lets most contracts with industry and, officials say, has been notably successful in keeping down prices on a range of equipment — from whole radar systems to valves—where competition has been present. Prices have risen faster—and there have often been delays—on what is know as government-furnished equipment, which has been directly contracted for by

The governments and industries are broadly satisfied with Tornado's management structures. Similar structures— which may turn out to be pre-

cisely the same ones-been agreed for the Efa. But in future, management will be streamlined. Complex procedures were fashioned at the outset which are no longer necessary as trust and confi dence has grown. Panavia has shed 100 of its 300 staff, reporting procedures have been simplified and time consuming meetings cut back,

• Financing. Tornado has been a hugely expensive project, with actual costs rising by 180 per cent between the end of but while Britain is insisting that the best candidate is the latest version of the RB 199, Panavia obtained fixed prices Germany wants to use the maintains is a more suitable fighter engine. Battle will be joined on this issue within a very few weeks.

The discounted for inflation—on equipment contracts amounting to just under 40 per cent of the fighter engine. Battle will be only 10 per cent in real terms only 10 per cent in 1970 and 1982, when production was in pensing spares have caused delays in making Tornado fully operational while there is still on the pensing spares have caused delays in making Tornado fully operational while there is still on the pensing spares have caused delays in making Tornado fully operational while there is still on the pensing spares have caused delays in making Tornado fully operational while there is still on the pensing spares have caused delays in m

Panavia argues they should be to arrive at real industrial new aircraft, but there could well be difficulties, if only because while there is plenty of

Britain maintains that the real rise in the cost of ADV Tornado, coming off the production line some five years after the IDS, is about 5 per cent in the last decade, while Frank Roe, managing director of BAe at Warton, reckons that the 500th Tornado is being produced 40 per cent more cheaply than the 100th.

The governments are expected to adopt similar financial and worksharing arrangements for the new aircraft. For Tornado, the key rules have been that seek country for the been that each country gets a share of the total work which is equivalent to the number of aircraft it buys; that each country pays for the work within its own borders (there is thus no transfer of money across the exchanges); and despite Italy having only a 15 per cent workshare on Tornado, voting is unanimous.

Today the only financial probapparently worrying lem apparently worrying officials is that Germany has done some £250m more work on Tornado than Britain, and unless compensating work can be found—for example on new reconnaissance aircraft for Germany—London will be expected ultimately to compensate Bonn in cash. Doubts have been raised

about three other aspects of Tornado. The Saudi deal (coming on top of a much smaller order from Oman last month) should put paid to some of the worry that Tornado is too sophisticated to find ready export markets—though few additional customers are in the

Teething troubles on the system for ordering and dis-pensing spares have caused delays in making Tornado fully operational while there is still

cent if those are left out (as and generally beneficial to the three partners individually than would have been an aircraft produced nationally, or, one bought "off the shelf" from the U.S.?

Many studies have been conducted of the comparative advantages of these alternaalthough real comparisons are impossible, if only because no country can afford to test them in parallel pro-

It is generally accepted that a direct U.S. buy would be cheaper initially, but that this advantage would be eroded by the costs of spares and support. Building a U.S. aircraft under license appears some-what more costly—but there is the plus of local employment. By contrast, it is also generally agreed that the advantages of collaboration, especially compared to national produc tion, are shared development costs and longer production

British Aerospace has reshow that the total cost for Britain of buying 250 fighter aircraft (including spares and support over 10 years) in a national programme would be £5bn (1984 prices). In a threenation programme the cost would be £4.2bn and in a five nation one, £4bn.

A direct buy of the U.S. F18A fighter, including a 5 per cent R and D levy, BAe puts at £5.28bn. This reduces to £5.1bn if the airframe only is co-produced and to £4.9bn for co-production of airframe, engine and

There is a sense, however, in which these calculations are now irrelevant. Probably only Spain of the Efa partners had the political freedom to buy

#### Villiers to lead the Revolution

WHEN Charles Villier joined County Bank 13 years ago be can hardly have expected that NatWest's modest merchant banking offshoot would grow to become Britain's largest investment bank.

But County Bank forms the But County Bank forms the core of NatWest Investment Bank, the £300m group unveiled yesterday, and he will be chief executive of the new grouping. Not bad for a bank once dismissed by a top City merchant banker as being stuck "in the maw of NatWest."

The new group marks the culmination of nearly three years planning by Villiers who has been spearheading NatWest's entry into the City revolution (and who is no relation to Sir Charles, former chairman of British Steel).

Villiers, a trained accountant villers, a trained accountant, started life with Arthur Andersen, and then joined the Industrial and Commercial Finance Corporation because he was incorporation because he was in-terested in helping companies to grow. Since he went to County in 1972, the bank has risen steadily in size and repu-tation and is much cited as proof that clearing banks can succeed in merchant banking. "We did not allow ourselves to be overcome by the mys-tique," he says. Villiers admits that it is hard to see how the upheaval in the City will turn out, though he obviously sees NatWest winning through. He also believes UK-owned groups have got to challenge the growing dominance of the U.S. and

#### Marching orders

Japanese banks in international

Leading lights in the Organisa-tion of Petroleum Exporting Countries were given a rare in-sight into the conduct of British cabinet government past and present, courtesy of Peter Walker, the energy secretary.

Sceaking at the closing dinner of the Oxford Energy Seminar, sponsored by Opec and the Organisation of Arab

## **Men and Matters**

our own North Sea oil sheikh noticed that the main course was "Beef Wellington." Walker pointed out to the assembled oilmen that the Iron Duke had been a great Tory prime minister. But when the old soldier conducted his first cabinet meeting, he was mysticaoner meeting, he was mysu-fied, and said to a friend after-wards: "A most extraordinary thing, cabinets. I save the men their orders and afterward they

wanted to stay on and discuss "Of course," added Walker sardonically, "nothing like that happens with our present prime minister."

#### Platform appeal

News that Steinway, the posh piano maker, has been sold by CBS to a private Boston-based company is unlikely to cause much of a crescendo in the everyday running of this finely-tuned company.

The company claims to have

cornered the lion's share of the concert market. Japan, the mass producer of pianos to the world, still cannot get enough Stein-ways for its concert require on France's National Front. ments.

German immigrant family Steinweg started piano produc-tion in New York, quality has been the watchword. The family firm continued until 1972 when CBS, the television and entertainment group, took

The British manager, Bob



"I see the ref walked off at —said it was more like a Liverpool Council meeting

says that many of the top artists have their favourite planos, identified by number and history, which are lent to them at nominal rates for specific concerts—a night at the Festival Hall for instance might cost With each instrument costing between £12,500 and £27,000 and £27,000 and taking a year of love and care to make, the Steinway market is, to say the least, £200.

#### Right turns

The extreme right wing party Last year the company made only 350 concert grands out of its production in Hamburg and New York of nearly 4,000 pleces.

1852 when the elegant 16th arrondissement. Its elegant 16th arrondissement. Its previous tenants have included the movement for the defence of state schools and the freemasons.

Jean-Marie Le Pen, the Front's leader chose to give his first press conference in what was the wood panelled music room. Bronzed, his blond hair blesshed by the gur he set in Petroleum Exporting Countries, Glazebrook (a skilled tuner) bleached by the sun, he sat in

front of the large chimney piece over which hung the motto (in English) "The music of the Gods."

Le Pen was as confident as ever about his chances in the 1986 election campaign, and as scurrilous as always about his opponents. To a university pro-fessor who had predicted in one French magazine that the Front would gain only 20 seats in the election, he proposed a kick in the panis for each Front deputy above that figure.

above that figure.

The surprise that he pulled out of the hat was a handful of Gaullist and Opposition members who have deserted to his cause. The biggest catch was Bruno Chauviere, who headed the neo-Gaullist RPR's list of candidates in the constituency of former Prime Minister Pierre Mauroy.

French political parties do

French political parties do not have to declare where they get their funds from But it is clear that Le Pen's days of penuty are over.

#### High notes

Credit Suisse First Boston, the American-Swiss investment bank, has really clawed its way into the British Establishment. It was chosen to lead yester-day's record £2.5bn floating rate note isue for the Treasury. And it was simultaneously making news in Court circles with the appointment of one of its directors, Sir John Riddell, as the new private secretary to the Prince and Princess of Wales. Sir John, who came to CSFB in 1978, by way of First Boston and the World Bank, has been in charge of its British business

- though he says he left the handling of yesterday's bond issue to his specialist coHeagues. Now he is making "a large jump" by his appointment at the Palace. Decrously he did not add that he will also be taking a large pay cut. After his years in banking he should have no trouble summoning up two of the most impor-tant qualities required in his new job — discretion and

discipline.

*Observer* 

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#### Letters to the Editor

#### Mapping seabed resources

From the Director. Institute of Oceanographic

State Co

Sciences.
Sir.—Mr Paul Orchard-Lisle (August 30) identifies a world-wide requiresment for rapid picture mapping of the seabed of 200 mile exclusive economic zones (EEZ). He goes on to contrast the course of action taken by the U.S., which is using the GLORIA System developed by this institute, with the fragmentary cover so far commis-stoned by our Government and suggests that we cannot afford to bring the GLORIA system into full production for the nation's benefit, Scientists of the United States

Geological Survey were, indeed, quick to see the advantage of using GLORIA for EEZ mapping. A survey of the Gulf of Mexico, now in progress, is the fourth in a series that will coninto the 1990s; we are proud to be part of this joint

It would, however, be more correct to say that we are using GLORIA since the entire responsibility for providing the ship and operating the GLORIA lies with this institute, a component body of the Natural Environment Research Council The UK balance of payments has already benefited by more than £2m, the income from the whole programme as planned at present will probably he more than £15m. This work will take up much of the effort available in a com-

but it would be wrong for a research body to try to fit a worldwide commercial survey worldwide commercial survey capability into its scientific programme. There has, however, been no shortage of industrial interest and we hope soon to announce an arrangement by which GLORIA can be com-mercially exploited in full. No one can predict the future

of resource exploration, and exploitation, in EEZs. But if interest continues to build, the world market for services could amount to many billions of pounds: one key to British participation in this market will be the capability to offer rapid initial surveys, such as GLORIA can provide, with appropriate detailed follow up.

GLORIA is a spin off from the strategic support by Gover-ment of marine science avail-able in the 1960s and early 1970s. Its success has been the result of careful design by experienced seagoing engineers working with scientists who working with actential with thoroughly understand the geo-logical benefits of the equip-ment. We believe that it pro-vides an excellent example of the way in research underpin-ned by long-term Government funding can provide opportuni-ties for exploitation by industry. (Dr) A. S. Laughton, Brook Road,

#### Destination of graduates

paratively small institute. We Godolming, Surrey.

From Mr J. Maddams. Sir,—The figures quoted by Michael Dixon (September 12) on the job destination of our 1984 graduates makes interest-

ing reading. 9,000 engineering and science high technology for which we graduates found jobs in the inneed more engineers to service dustries for which they were the computers and cash points, rained. Conversely, only 1,470 or is it simply that fewer emeconomists and accountants ployers now acknowledge a manobtained jobs in banking and accountancy. Even more surpris-ing was the number of management graduates going into commerce, only 381 against 2,500 budding engineers and scien-

A substantial proportion of our national wealth now comes from financial services and commerce, so why aren't more management graduates going there? reading. Is it perhaps because commerce shows that slightly over is more advanced in its use of agement or economics degree to be of relevance in the commer-

cial world. J. P. Maddams. 36. North Street. Keighley, Yorks.

#### Convert 'invest' into 'result'

From Mr R. Bickford-Smith Sir.—Advertising in the FT of September 13, BTR Plc in- (a full 150 per cent over necesstages by changing 2 letters at a time. It actually meant 6 stages, if one includes "result"

The exercise can be accomCondurrow,
plished by a mere 2 new added Grylls Parc,
stages: invest, insect, insult, reHelston, Cornwall.

sult. Is your advertiser's envis-aged need for another 3 stages or september 13, BIR ric discussion of its terms) vited readers to convert sary specification, on its terms) "invest" into "result" in 5 symptomatic of the ills of stages by changing 2 letters British industry, or merely an

#### example of the operation of Parkinson's law? Roger A. Bickford-Smith.

tion for the public and custo-

statutory functions, but Oftel

must also deal with a situation where the customer uses his

system contrary to licence

ing Oftel intervention, it seems under BT licence terms that it

would be entitled to refuse con-nection to the national network.

Informed telecoms managers

clearly in accordance with what

BT indicates. We have held a number of conferences and dis-

cussions with telecoms mana-

gers, suppliers and the pro

independent system suppliers.

tives of other countries.

to overseas markets.

We are now in a position where the DTI proposals, if they are accepted, are likely to frustrate innovation within the UK and delay or destroy access

P. M. D. Egan. Information Technology Inform-

These are among its

## Telecom's licence muddles

Sir. - Guy de Jonquieres, in his excellent and considered article (September 10), The muddle that is slowing VANS (value added networks), has raised some points which de-

serve further comment. While the Government intenterms. Such departures will, no doubt, be brought to the attention of Oftel by BT, Mer-cury or Hull. BT in the past tion is to increase competition generally, the licensing system as it develops is leading towards reinforcement and extension of the British Telecom position. policed terms of licences granted by itself. So BT has the investigatory expertise to establish departures from licence terms. Legal action obliging Oftel to take action The BT licence is a lengthy and detailed document. This was necessary because that licence defines what BT may and may not do and therefore against BT customers to secure or extend the BT position must be expected at some stage. Failneeded to be elaborated in detail before the BT flotation. Quite rightly the licence was carefully scrutinised by potential investors who are entitled to regard it as a clear identification of what BT may do. Any substantial derogation from the BT licence could lead to legal action on behalf of shareholders who would contest that their

expectations were diminished.

Apart from the BT licence (and similar documents apply-ing to Mercury and Hull) the ing to Mercury and Hull) the Department of Trade and Industry elaborated a document called The Branch Systems General Licence (BSGL). This is meant to identify the rights of organisations, large and small, to run their own telecoms systems which may be connected to BT (or Mercury or

This BSGL document, which applies to almost every commer-cial organisation in the country. is: over 30 pages long; filled with new legal terms created with new legal terms created for that licence; wholly incomprehensible to a telecoms manager and a source of great uncertainty for lawyers, consultants and financiers; and in so far as its tendencies can be identified, it is far more restriction than the most material. tive than the past regime in that it allows organisations to use less ambitious systems than were allowed by pre-flotation BT or the Post Office in the

The most aggressive aspects of the BSGL are moderated in respect of existing systems for a three-year period that com-menced on August 5 1984. Thereafter a temporary permission to continue existing tele-com arrangements will lapse and BT will be able to insist that its customers adhere to

The Office of Telecommunications (OFTEL) has the job of ation Services, enforcing licence terms. The 20, Chancellors Street, W6.

have made proposals to the From the Director General, Government for a survey of the Paris Office, deep water parts of UK EEZs Japan Automobile Manufacturers' Association Sir,-Reading your reports on

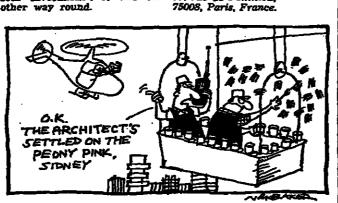
Japanese cars and UK jobs

the world motor conference and especially your article entitled "Nissan a threat to UK jobs, says Ford chief" (September 13) I want to protest against the accusation made by Mr Lutz, chairman of Ford of Europe. These are purely scapegoat remarks.

He mentions that establishing an overseas factory in England means that for every one person employed two jobs will be lost. The Japanese manufacturers did not propose voluntary overseas investments, it was the other way round.

Besides the business risk itself, we are very aware of the economic difficulties in Europe, particularly concerning un employment. Therefore, obvi ously, overseas investments should help to create jobs, but Mr Lutz was contradicting that evidence.

Ford Motor is the only manufacturer in Europe which is considered international, as one of the speakers at the conference mentioned ironically. Therefore I am astonished because Ford cannot afford to become protectionist even with the evidence that Ford Motor Co Europe buys Japanese parts. 33, rue de Ponthieu,



#### Coats of many colours

From Mr W. Nutt Sir.—The item (September 11) on comments from the Paintmakers Federation hides more reality than it reveals. While promotion of ideas for any industry's markets is applauded, the products pro-moted will be successful only if they meet the real needs of Any view of a British city,

especially London, from a high building will make apparent the dominant choice of colour for buildings — white. Yet there is not yet a white paint, or surface coating, which or surface coating, which proves competitive with traditional surfaces, e.g. stone, aggregates, concrete. The failure is that of durability, i.e. raining is that of durability, i.e., re-treatment is necessary after a few years, compared with decades for traditional materials. The key problem is that of labour costs. The cost of materials is of less significance if they last for decades.

But the cost of mating a city. But the cost of getting a city building re-painted is very high if it needs treatment every few

Even in the less labour-sensitive domestic property market, there is a real require ment for improved life of W. Owen Nutt. paint. Even the best substrate preparation for oil paint still

requires a re-painting pro-gramme after a few (5-7) years. And the market leaders in masonry paint are all based on thermoplastic polymers on thermoplastic polymers which inherently induce dirtretention, thereby effectively reducing durability.

The most durable masonry paints are all formulated to deposit a thicker coating. And this is the clue to the complaint from the Paintmakers Federation. As an observation on a forty-year trend, paint chemists have sought higher physical properties from thinner paint films, the toothpaste tube paint syndrome. The most durable surface coating for buildings, e.g. 50 years' life, remains hot-applied tar blinded with sand, i.e. a thick coating. But it has no aesthetic appeal.

So, until a pretty coloured tar system, or its modern high-technology counterpart is technology counterpart is offered, paintmakers are just wishful thinking to propose bright coloured buildings. Quite apart from their uneconomic maintenance contracts when nomic maintenance costs, who wants coloured chalking deposits washed across their windows?

44. The Green, Warlingham, Surrey.

#### Selling life assurance

From Mr A. Stuart popular view of Oftel is that

it is a body set up to maintain a scrutiny of BT, ensuring protec-An agent of a life assurance commission is at least as likely as an independent inter-mediary to mislead a client to his own benefit. He should, therefore, be subject to identi-cal disclosure requirements.

cease to be of importance if

were paid on the same basis as for general assurance, that is, as a small percentage (reflecting the service involved) of the premium paid each year.
This would eliminate dis-

honest selling and encourage the emergence of something approaching a profession. Such a move would not, however, be welcomed by most life assur-ance companies—those with This would be more damaging than anything Oftel or the courts could enforce. large direct sales forces or who

sell through unqualified interleading article mediaries (accountants, solici-(August 30) on selling life tors, bank and building society assurance misses the point on managers)—because it would two counts. discourage the others who would no longer receive unjustifiably high commissions in return for which they need not offer the client the continuing service which is the hallmark of the reputable independent intermediary.

The whole question of dis- The present system is a closure of commission would rotten one and the moves afoot to improve it are cosmetic. A commissions on life assurance radical overhaul of the way commission is paid would be far more effective. Unfortunately the insurance and political establishments are set against it. Sadly the FT appears to lack to challenge them. Shepherd Associates.

The Square, Grantown on Spey,

#### A reception for ex-employees

who value their jobs are un-likely to use systems and arrangements which are not From the Managing Director, indefensible?

H. Morris and Co.

As an expanding company

viders of telecoms systems and have sought DTI and Oftel These ex-employees had repeatedly been warned that if they broke their contracts of employment that had been were larger a further 42 traces men and have also just opened a brand new double glazing factory.

We will continue to expand guidance on specific points. So great is the confusion, so guarded and varied the replies. that commercial organisations are discouraged from seeking mutually agreed with all employees in November 1981, they would be immediately dis-If the UK is to make substan-

tial profit from selling of in-formation and value added ser-They walked out on May 22 and were dismissed as warned.

Twenty-one decided on industrial action and coerced eight apprentices to join in the attendance at the lunch on attendance at the lunch on attendance at the lunch on and therefore They walked out on May 24 vices, it will have to seek its revenue in a world market. Identification of interconnection standards which will apply

tion standards which will apply within the EEC and internationally will require detailed assessment and regulation over the next years. One can only shudder when considering that, interconnection standards, translations of the BSGL and VANS and WINES theorems are pro-Surely in today's industrial climate the coercion of young apprentices, having successfully secured a position in a successfully and expanding business, is Glasgow.

H. Morris and Co.

Sir.—Last week our 200

workers protested against ratepayers' money being spent to
give a civic reception for our
ex-employees.

As an expanning company
with a full order hook, it was
imperative that we replace our
workforce as soon as possible
and to this effect we have
employeed a further 42 trades-

We will continue to expand and employ more people in Glasgow. If businesses in Glasgow are to expand, however, it is of paramount impor-tance that Glasgow District

official duty and therefore eligible for official expenses? Milton Street,

#### Vista of lakes and mountains

and MDNS licences are pro-vided for consideration and assessment by the representa-Sir.—That Mr Hermann in our contribution to the should take such pains (September 12) to highlight costs which, although running into hundreds of millions are relative. nundreds of mittions are relatively small, makes it plain why us?
Napolean called us a nation of W. James, shopkeepers.

19, Araglea Acenue, shopkeepers.

Is it not time that we lifted South Ockendon, our eyes from the cash registers

Essex.

and started feeling some pride

#### Britain boosts reserves

## Up go sterling's defences

By Max Wilkinson, Economics Correspondent

THE TREASURY'S announce ment yesterday that it intends to borrow \$21bn to bolster its \$600m floating rate foreign currency reserves, raised a buzz of speculation in the City that the Government is preparing for full membership of the European Monetary note from B Banks launch more System.

For an addition to the reserves on such a scale can have only one purpose: to increase the Government's floating rate notes power to intervene in the foreign exchange markets to

THE NEW perpetual floating variant to a novel instrument.

THE NEW perpetual floating variant to a novel instrument.

The New perpetual floating variant to a novel instrument.

The New perpetual floating to a point to mittee for the new part. which defend or push up sterling.
As a full member of the
EMS, Britain would be obliged by treaty to intervene to pre-vent the pound moving by more than 2½ per cent from a fixed central rate against the other European currencies. FROM Italy to Indonesia, from Portugal to Panama, government debt officers have looked to the Eurobond market as an important source of funds. Now the UK is joining the list of sovereign borrowers which form a major sector of the floating Present foreign currency reserves (of \$7.5bn) look meagre indeed beside the \$18bn

available when the Covernment come to power. They have been rate note market.
The addition of the British eroded partly because the Government has paid off debts to the IMF and others arising from the 1976 sterling crists, and partly because of a —adual erosion through intervention and revaluations.

Although total reserves now stand at over \$14bn (about £11bn), almost half of this is in gold or other forms which cannot readily be used for intervention. Herr Carl Otto Poehl is known to believe that UK foreign reserves are too small to allow it to consider any extended campaign of intervention, and this may also have influenced the Treasury. Whether or not the move

does prove the first step towards full EMS membership, it cer-tainly appears to be part of a major sea-change in the Govern-ment's thinking about monetary policy.

Since February the external value of sterling has moved into sharp central focus while the various measures of the money supply have seemed infuriat-ingly blurred, or downright distortions of the overall pic-The pound's 151 per cent

rise since its low point on February 26 has been a deliberate object of policy. It has cut the cost of manufacturers' imported materials and fuels while putting pressure on shop prices through the competition of cheaper foreign goods.

apparently per cent inflation.

The addition of the British Government to the market was warmly welcomed yesterday by traders who regard the UK as one of the finest credit risks. The move emphasises the dramatic growth of the floater market Investment managers. which this year looks set to outstrip the total value of new issues of fixed rate Eurodollar bonds, Only a few

years ago it was a minor part of the Eurobond market. Floating rate notes (FRNs) pay interest at rates fixed by reference to short-term money market rates. In the case of this issue the interest rate will be reset every three months at a level equivalent to the bid rate for Eurodollar deposits in the interbank market, known as Libid.

Floaters appeal to investors who are concerned with earn-ing interest at a rate linked to money market rates rather

straightforward objective of controlling the money supply adopted when the Conservatives came to power in 1979 has been bedevilled with difficulties. Sterling M3, the broad measure of money comprising

cash and bank lending, has behaved in a perverse and way-ward manner for much of the period. In the first half of this year it rose by nearly 13 per cent, far higher than is consis-For politicians this is a direct tent with the Treasury's hope and easily understood method that 3 per cent economic growth of controlling inflation. By will be combined with about 5 contrast, the apparently per cent inflation. than an absolute fixed level. These include:

Commercial banks.
 Central banks, such as the Bank of England, which have foreign currency reserves to invest.

O Corporate treasurers who often have short-term liquidity to invest in the money markets and who treat FRNs as money market in-

both of short and long-term funds, who seek a safe home for cash balances with a good rate of return. Buying from all these types of investors— both UK and overseas-based was reported yesterday by banks in the syndicate formed to sell the issue. The large size of the deal will ensure that the bonds are actively traded in the secondary market.

It is certainly a good deal for the Government too. The

If it certainty a good deal for the Government too. The terms, including fees payable to the bankers arranging the issue, are the finest seen on a FRN yet, barring \$1.8bn issue for the European Community in May—a special cose as it was refinencing an case as it was refinancing an earlier issue.

Maggie Urry

In these circumstances, there would be obvious attractions in becoming a full EMS member, by joining its Exchange Rate Mechanism (ERM). It would give public notice to industry

reserve currency which might raising the ante, it has lessened make it an uneasy bedfellow the risk

with the West German D-mark, the special influence of oil prices on sterling, and the unpredictable effects of further falls in the dollar. Behind the scenes there was a more pressing objection, that Mrs Thatcher was suspicious of foreign exchange intervention and dialiked the idea of being forced liked the idea of being forced to raise UK interest rates for

Much less has been heard of these objections recently especially after the Prima Minister agreed to a policy of concerted intervention and a 41 percentage point rise in interest rates to 14 per cent in February in defence of ster-

It is highly unlikely that the It is highly unlikely that the Treasury would want the pound to depreciate much from its present Sterling Index of around 80 (1975=100) against a trade-weighted basket of currencies. To allow this would jeopardise the recent gains against inflation and would be inconsistent with the recent policy of holding interest rates at levels which are among the highest in the industrial world. at levels which are among the highest in the industrial world. On the other hand any sharp appreciation would pose a serious risk to exports and lead to uproar from industry.

So a continued decline in the dollar would make treasury policy options easier. Although its current level is about 10 per cent below its peak in February, it has been rising for most of this month. In the 11 days to last Thursday it went up by 5 per cent.

It is quite within the realms of possibility, therefore, that the major five powers would have to pool their resources as they did in February to give the dollar another push down the

Then there is the ever-present worry that a collapse of the oil price would create a panic reaction against sterling. However. intervention

measured in billions of dollars is needed to deter determined speculators, so perhaps the most important aspect of this announcement is deterrence. that the pound would be held announcement is deterrence, steady, and that firms must hold The new weapon will cost very back wage costs if they intend little to keep since the interest to remain competitive in overseas markets.

The Treasury has claimed
that it wants to join, but that
there were three main difficulties: the pound's status as a
Government hopes that by
recover government which might



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## FINANCIALTIMES

Tuesday September 17 1985



Palme claims defeat for 'aggressive conservatism,' writes Kevin Done in Stockholm

## Wind of change fails to sway Swedes

THE HOLD on power maintained by Sweden's Social Democrats is a political phenomenon for a Western iemocracy. In Sunday's general election they secured yet another three years in office. By the time round they will have ruled Sweden

for 50 of the past 56 years.

The Social Democrats' victory this time was not as impressive as on some previous occasions, alless position in the opinion polls a year ago. However, compared with the last election they lost some ground. Their share of the votes fell to 45 per cent from 45.9 per cent in 1982, and as a result they lost seven seats and their earlier three-seat majority over the three non-Social-

ist parties.

They will be dependent in the new parliament on the Communists for an overall majority, which could present serious problems, particuarly on the economic front, where easures will be called for to bring the big deficits on the current account and state budget under

control.

The socialist bloc - the Social Democrats and Communists combined - saw their previous majority of 23 cut to seven, but it is nothing new in Swedish politics for the two blocs to be balanced on a knifeedge. The 1973 general election ended in a tie, and for three years madrawing lots. (In 1976 the number of seats in the Riksdag, the Swedish parliament, was reduced by one to

349 to avoid a future stalemate). Sweden's Social Democrats are, in any case, used to acting as if they have solid majority backing even when they are in a minority. They have had their own majority for only six of their 47 years in power, but real opposition has allowed them to rule Sweden virtually as a one-

among the electorate, but the changes all tend to occur among the three non-socialist parties: the Conservative, Liberal and Centre parties. We have this great stability between left and right, but tremendous changes among the bourgeois parties," said a well-pleased Mr Olof Palme - the Social Democrats'

leader since 1969 - early yesterday. On Sunday it was the Liberals though they did have to claw their turn to stage a tour-de-force. They way back from an apparently hope more than doubled their vote to 14.3 per cent from only 5.9 per cent in 1982, close to the minimum 4 per cent needed for representation in

> turing 30 new seats to take them to 51. Much of the advance was made at the cost of their non-socialist allies, the Conservatives and the Centre Party, however, and the Social Democrats' hold on power was never seriously threatened.

> The only time in recent decades that the Social Democrats have come off second best in Sweden was when the issue of the future of nuclear power temporarily broke the established mould during the second half of the 1970s. With a fierce opposition to nuclear power the Centre Party was able to ride first time in half a century.

With the nuclear issue finally de-Centre Party star has waned. Duritives have not provided a premier ing the first half of the 1980s the since 1928. Conservatives have taken up the running in an attempt to halt the Socialist band-wagon.

time to change the established orfor most of that time the lack of any real opposition has allowed them to peared Swedish voters, weighed pulls 12 months ago, the Conservation in the Sweden virtually as a one-party state.

The in fight as 30 per cent in the opinion bigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the cominon for most of that time the lack of any der in Sweden, and briefly it aphigh as 30 per cent in the conservative banner crashed, a new challenger emerged in the shape of Mr Bengt Wester-party state.

SWEDISH ELECTION RESULTS							
	Share of votes (%)	Change	Number of	Change			
Conservatives	21.3	-2.3	76	-10			
Centre Party	125	-4.9	44	-12			
	14.3	+8.4 +3.1	51	+30			
Liberals Non-Socialist bloc	14.3 48.1*	<del>→3.1</del>	<u>51</u> 171	+30 + 8			
Social Demograts	45.0	0.9	159	- 7			
Communists	5.4 50.4	-0.2 -0.8	19 178	<del>- 1</del>			
Coclettet bloc	<u> </u>	-08	<del>758</del>	_ *			

their failure - and the Liberals' tri-

umph - will clearly redraw the map on the non-Socialist side of the

Fearing they could lose power to

the Conservatives, the Social Demo-crats began nearly a year ago to marshal their forces for a virtual

crusade against what they billed as the egotistical forces of neo-liberal-

of Sweden's welfare state were in

danger.
The Conservatives have had to

bear the full brunt of the attack of

the formidable Social Democratic

machine and have clearly proved

ready writing the obitnary for the Conservatives' attempt to import in-

to Sweden the raw brand of foreign

"neo-liberalism" practised in the UK or the U.S. The risk of introdu-

cing "Thatcher's England" with its dole queues, social conflicts and ur-

ban riots into Sweden has been a

recurring image in Mr Palme's

With victory in the bag, Mr Palme

was adamant yesterday that "this

suffered a considerable loss. It at-

tacks basic elements in our welfare

policies, but we have defeated it

ntellectually and at the polls."

Yesterday, Mr Olof Palme was al-

unequal to the task

n, warning that the foundations

nally bracing themselves to strike off in a radically new direction.

The Conservatives began to talk While all the other parties lost of far-reaching changes to the sysground, the Liberals staged a phenomenal recovery under their new duced public spending, greater leader Mr Bengt Westerberg, caproom for personal choice and individual freedom in education, health care and social services, the break-up of various public monopolies, the ablishment of a commercial television channel and the abolition of the Social Democrats' wage-earner funds. (The funds, introduced at the beginning of 1984, siphon off corporate profits into trade unioncontrolled investment funds, whose job is to buy a growing stake in

In 1982 the Conservatives emerged for the first time with more votes than the Liberal and the Centre Party was able to ride Centre parties combined. Talk the 'green wave' and attract started of the högervind, the enough votes to give the non-Socialist parties a taste of power for the through Swedish politics, and their leader, Mr Ulf Adelsohn, became the obvious non-Socialist candidate fused by a plebiscite in 1980 the for Prime Minister. The Conserva-

When the chips were down in Sunday's general election, however, the Conservatives' message ap-They have campaigned hard this peared too strong for Swedish voberg, who served as Under secretary of State in the Industry and Budget ministries from 1978 to 1982, took over the reins of the demoralised Liberal Party in 1983. With a platform offering "Social

responsibility without Socialism" he managed to fill the niche left by the shouting match between the Socialists and the Conservatives. With an appeal to reason and a clean-cut image – one Conservative newspaper described him in a headline yes terday as a "mother-in-law's dream" Mr Westerberg will inevitably be hailed as the new standard-bearer of the centre-right in Swedish

Liberal Party, who staged one of

ever seen in Sweden. Mr Wester

He has a huge task ahead, however, if he is to stand any chance of welding the disparate elements of the opposition into a force that can successfully challenge the Social Democratic machine

He made a start yesterday by calling on the opposition parties to campaign on "a common platform" at the next election, but the words were hardly out of his mouth before the squabbling began. Mr Thorbjörn Fälldin, the Centre Party leader, said bluntly: "It is impossi ble to have three parties and one

There will inevitably be great scepticism about Mr Westerberg's staying power. Mr Palme said rather majestically yesterday. The bourgeois voters tend to vote for the great white hope. If the party does not deliver, they change to

As long as the opposition squab-bles, however, Sweden's Social Democrats will be able to continue to divide and rule. In Swedish politics more than anywhere else, it is a case of "plus ca change, plus c'est la

Editorial comment, Page 20; Stock market reaction, Page 46

**Thomson** 

its recent entry into the persona

and small business computer

The French group appears espe

cially keen to link up with Olivetti

of Italy in the small computer busi-

ness, although it is also discussing collaboration with other European

Thomson's search for a European

partner follows its failure to link up

with Philips after the Dutch multi-

national decided to adopt last year

the prevailing Japanese standard

for personal computers. Thomson had hoped to set up as broad a colla-

boration as possible with Philips in

personal computers in an effort to

achieve the necessary economies of

scale to compete on the inter-

M Jean Gerothwolh, head of

Thomson's small computer division.

French group was holding talks with Olivetti and was interested in

M Gerothwolh said that "an alli-

ance with a European company seems essential to launch an inter-

national standard." He also suggest-

ed that, should Thomson suff

national market.

seeks

## THE LEX COLUMN

## Mr Lawson puts out to sea

The Eurobond market must in deed have come of age if the UK Government takes it seriously enough to raise money there on its own behalf. Time was when the Treasury would not sully its name tionalised industries do the dirty work for it. Now it is trumpeting the largest ever issue on close to the finest-ever terms. The Government must be pleased

to see that investors take it seriously, too. In the floating-rate note market, at least, only the EEC could have raised money more cheaply. And the pricing seemed to be just right - a little more generous, and Mr Nigel Lawson, the UK Chancellor of the Exchequer, would have had a British Telecom hasco on his hands; a little tighter, and the issue would have been an embarrassing flop. In fact, the bond traded at an ideal price of 99.87; within its fees and with solid enough demand for the amount to be increased without

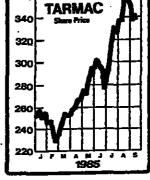
the price falling.
Instead of increasing the bond by \$500m, the Government could have issued a fixed-rate bond and swapped the proceeds for floatingrate debt at a much cheaper rate than it won yesterday. But if it has taken 22 years for the Treasury to accept the respectability of launch-ing a floating-rate note in its own

name, coming round to the idea of a swap may take just a little longer. If the funds are intended to act as a prelude to joining the EMS, we nay see a lot more of Britain in the Euromarkets. Even \$2.5bn would not see sterling through a collapse in the oil price or pre-election jitters. Nor is the amount enough to allow the Government to pursue a monetary policy independent of the exchange rate. It may be more entertaining to dream up a conspiracy behind yesterday's actions, but the Treasury's desire to see reserves back at the levels of two years ago may be all there is to it.

#### Unilever/R-V

All those people who scoffed at Unilever for taking on such an em-battled victim as Richardson-Vicks underestimated the bidder's ingenuity and aggression. U.S. takeover tactics may not yet be fashionable in Europe, but yesterday's broadside shows that Unilever, no less than Hanson Trust, is prepared to play the American game. In effect, Unilever has found two

ways of putting pressure on an en-



trenched family board. The revised, two-tier offer gives shareholders \$56 a share - \$2 more than last week's bid - as long as the board is coming, the offer drops to \$48, around \$3 less than yesterday's around \$3 less than yesterday's yesterday, are on a prospective ple price. The second prong of the atof over 12, a good 2 or 3 points tack comes in the form of litigation; ahead of the competition. tack comes in the form of litigation; having apparently decided that all U.S. hostile takeovers nowadays end up in court, Unilever has taken the initiative in suing Richardson-Vicks for allegedly misleading its shareholders. No doubt Unilever has been watching Hanson's treating the shareholders, including such big

with a little interest. Unilever has left no doubt whatits own shares; purchases of 2m of the door. shares or more may well have inthird - enough to block Unilever's chances of winning control.

course, helped. But delayed comple-tions of houses in the first half Whether Enterprise's prospective er second half, leaving the whole down 3p to 180p, is enough to deter year comfortably ahead.

from the rest of the UK busine are not so encouraging. If only the local authorities or the Government were to spend more money on the roads, pressure on margins might abate. But short of a pre-election spending spree on intrastructure, prospects here are not particularly bright. Tarmac is also pinning its hopes

on the growth of quarry products in the U.S. Its recent acquisitions should contribute about \$30m in the full year, and doubtless the company will soon find more to buy in America. Meanwhile, though, it may have to keep an eye on its gearing. The interest charge, at £12m, has doubled, and Tarmac will need to start revaluing some assets to keep debt at around 40 per cent of equity, even including the 636m from the recent sale of Plascom: prepared to recommend accept But shareholders still seem happy ance If, however, this is not forth to regard Tarmac as the star of its sector. The shares at 338p, down to

#### Enterprise

ment at the hands of the courts fish as RTZ, behind its offer for Saxon Oil; and the outlook for the count on Thursday is beginning to soever that this company is at the top of its personal products list and a price of \$1.35m, should the board agree, would add only 10 points to its equity gearing. None the less, the target still looks formidable and recedes as the company buys back its own charger wirehasses of 2m of the dear.

But for those investors not wishcreased the family's stake to over a ing to build up a capital gains liability at this stage in the year, yesterday's interim results to June did produce some reasons for staying with oil as an Enterprise shareholder. The rise of a third in net income - after a small decline at the Bad weather in the first half of pre-tax level - indicates the extent this year might have laid some to which Enterprise has transtreacherous patches of black ice for formed itself from a shell with pro-Tarmac. In fact, the company duction to a production company steered nicely through them to produce interim pre-tax profits 15 per market where the balance sheet is cent up at £41.6m. The cold winter all, it is encouraging that Enter-and wet summer have not, of prise will still be in the black after

should just come through in a high- yield of 7 per cent, on a share price While UK housing remains about from taking cash and moving into the most promising division, results Britoil is quite another matter.

## **Peking sweeps** out old guard

Continued from Page 1

military ties, reflecting Deng's determination to cut back the enormous political clout wielded by the military during the days of Mao

82-year-old widow of the former Chinese premier Chou En Lai. The defence and culture ministers have also given up their Central Committee posts, suggesting that another ministerial reshuffle is on the way.

Unlike the purges of Chairman Mao, in which political opponents were summarily banished in disgrace, Deng has made certain that the departing leaders, whether they be supporters or not, leave with dignity and retain the perks of power. The 64 resignations were submit-

ted in a joint letter to the Central Committee. The self-effacing letter. which had signs of Deng's handiwork, said the mass resignation would be "a giant step towards

We regard it as our bounden duty to the party and the cause of communism to implement this strategic decision through our action," the letter said. "De facto lifelong tenure in leading posts will be abolished and a system of constant renewal of members of the leading organs will be established."

While the sentiments expressed are all very honourable, several of those senior leaders who now find themselves in the care of the party China's direction and also dis-pleased that they were called on to ave their seats of power.

Deng arranged the extraordinary conference because he was not orepared to wait the two years for the overhaul the leadership, lay the foundation for a smooth succession

## French spending on nuclear deterrent escapes budget cuts

BY PAUL BETTS IN PARIS

to other government departments tions and observation satellites.

defence will not suffer any real cut

But the lion's share of the invest-

less rise above the FFr 1,000bn (\$113bn) mark for the first time to FFr 1.034hn. However, defence spending will

FFr 158.3bn next year. This re-French Guiana and the Pacific, where he reaffirmed at the weeknuclear deterrent and the space

The nuclear deterrent will account for one third of defence in-

FRANCE has confirmed commit- on France's rapid deployment force, fence spending in France has been ment to a nuclear deterrent and The Government also intends to frozen. But although this spending modernisation of its navy in its de- push forward with a space pro- is increasing in real terms, some lence budget next year. In contrast gramme of military communica-

ment budget is going to the moder-The Government is due to ap- nisation of the navy. This will inprove its 1986 budget tomorrow at a chude the start of construction of Cabinet meeting. The budget will the country's first nuclear-powered nuclear deterrent. se-tung.

Another significant Politburo figsecond world war a real cut in puberation in 1994. The budget also this is now expected to show a ure to resign is Deng Ying Chao, the lic expenditure which will none the confirms the Government's much debated decision to go ahead with the construction of a seventh nuclear submarine.

However, the Government apincrease by about 2 per cent in real pears to have decided to abandon terms with expenditure totalling any plans to acquire two or three any plans to acquire two or three ig-Awac air-surveillance airnewed commitment to defence craft. The French armed forces had spending comes just after President shown increasing interest in Awacs François Mitterrand's visit to since the French military intervention in Chad in 1983. But the Government appears to feel such a maend his commitment to the French jor project involving about FFr nuclear deterrent and the space 10bn should be restricted to the domestic industry and not involve imported equipment.

The Defence Ministry is pleased

vestment next year, while special overall with its budget next year will be imports.

emphasis is placed on the navy and coming after two years in which de-

computer partners members of the military establishment continue to be worried by what they regard as an inadequa THOMSON, the French nationalevel of spending on conventional lised electronics group, is looking military programmes because of for partners in Europe to help boos the Government's emphasis on the

growth target of 2.1 per cent for the French economy next year compared with 1.5 per cent this year. This improvement is based on a recovery in purchasing power

The Government wants to hold down its budget deficit to 3 per cent of gross domestic product. At the same time, it plans to reduce income tax by 3 per cent and corporate taxes by 5 per cent if profits are reinvested in productive investments. Indirect taxes and publicsector charges are due to increase at the same rate as inflation - estimated at 2.9 per cent - with the exception of electricity, which will be lower. But the taxes on heavy fuel will be increased to help cut energy

## UK sells \$2.5bn floating rate issue

Continued from Page 1

reached a total of about \$10bn, but tion. most of it was by West Germany. Although the UK's total reserves stand at about \$14.3bn, some \$4.3bn

The depletion of Britain's re- about \$11bn. serves since 1979, when the Conser-

Total reserves, including gold, reached a peak of \$27.5bn in 1980, but were then run down to pay off is in the form of gold and about foreign decis. Some the first state of the increase, one said "We said in convertible of the sterling crisis of 1976.

Others were from an earlier date. currencies would be available for Foreign currency borrowings, foreign intervention at any one which resched a peak of \$24bn in 1977, have now been reduced to

vative Government came to power, serves is partly a response to a fortably above the 99.48 per cent was partly an act of policy, reflecting its belief that the pound should revaluations and normal foreign syndicate selling the issue bought find its own level on the currency currency uses by the Government. the bonds.

official intervention markets without official interven- However, it also indicates a much more active policy towards the exchange rate than a few years ago. Bankers involved in yesterday's issue said they were able to place though, that the amount will be in-creased again

creased again

By the close the bonds were trading at a price of 99.57 per cent of the par issue price, a trading level com-

#### London expels more Soviet citizens Continued from Page 1

The two diplomats are Mr Evgueni Safronov, 37, a First Secretary at the Soviet Embassy, and Col Viktor Mishin, 42, an Assistant Air Attache. The journalist is Mr Sergei Aleksandrovich Volovets, 47, the London correspondent of the Novosti newsagency, the businessman is Mr Ivan Vikulov, Director of the London. The other two are embassy

clerks.
Foreign diplomats in London saw
the continuing round of expulsions
as a desire by both governments to
show that they intended to deal toughly with each other.

Judging by his reaction to the

British expulsions last week, Mr er, is widely expected to reply in

#### ADVERTISEMENT.

COMPUTER-AIDED DESIGN

## France chooses Ferranti

Ferranti Ferranti Instrumentation, Commercial Instruments De-partment, has signed a marketing and manufacturing

agreement with the Electricity Council for a voltage and current logging recorder developed at its Capenhurst Research Centre. The product, which is to be named VoCuL, will be further developed by Ferranti. Two versions will be available

versions with be available using a standard hardware design. Software will be initially programmed to record either fault current or voltage excursion. VoCuL is to be marketed worldwide to electrical supply

#### PMS for ICl Ferranti Computer Systems is

supplying a number of PMS industrial control systems to ICI to improve experimental and production efficiency. One at ICI's Hillhouse works near Blackpool will accurately control research. control parameters for the production of polymers. The experimental membrane chlorine cell unit at Lostock, near Northwich, has also chosen a PMS system to assist in the development of automated operating procedures.

Briefly . . . A contract worth almost £1.5m

has been awarded to Ferranti Computer Systems, Bracknell Division, by the Ministry of Defence for a computer based Aircraft Control Trainer for RNAS Yeovilton.

Ferranti Electronics has developed a new monolithic digital to analogue converter for interfacing computer out-put signals to a raster scan RCB monitor



# in the design and production of documentation and sche-matics for the company's range of constant ink flow

CAM-X CAD/CAM systems worth over half a million pounds have been received by Ferranti Infographies from some of France's most promi-nent electronics, electrical and manufacturing engineering companies and a top engineering school. The marine electronics divi-

sion of Thomson CSF and Legrand, a leading European manufacturer of domestic electrical switches and plugs have both signed group pur-chasing agreements.

IMAJE, based in Bourg les Valence, will be using CAM-X

plant.
CAM X has also been selected
by ESPCI, the prestigious
engineering school in Paris
where ultrasonics waves were
discovered.

printers.

A Swedish group of tool

manufacturers. Secotools, will

be assessing the performance of CAM-X in its French sub-

sidiary at Bourges. Other sub-sidiaries in the UK, Italy, Germany and Sweden could

be equipped with CAM-X if it is successful at the Bourges

#### • ROYAL NAVY

won an order worth over

#### £2.5m acoustic trainers Ferranti Computer Systems, of 100 vessel signatures available. The instructor can pre-Cheadle Heath Division, has

£2.5m from the Ministry of E.5m from the Ministry of Defence to supply two Acoustic Frequency Analysis and Classification Trainers to the Royal Navy. The trainers are scheduled for delivery towards the end of 1986 to HMS Dryad and HMS Dolphin where they will be used for training operators of passive training operators of passive classification sonars fitted on surface ships and submarines. Each system, designed to train a full sonar team simultaneously, has a library

program an exercise or introduce targets manually. Up to six targets in both broadband and narrowband broadband and narrowband can be in the scenario simultaneously, together with up to six additional broadband targets — four weapons and two acoustic decoys.

Each trainer is based on five Argus 700 GZ computers.
Additional micro computers,
with computer-aided learning
packages will be used independently or in conjunction with the trainer to provide training at basic levels.



## World Weather

## Saudis to cut oil prices

Continued from Page 1

"as a warning signal to other oll ex-porting countries," both those be-longing to the Organisation of Pe-maintenance of an orderly market, troleum Exporting Countries according to the unnamed officials.

(OPEC) and outside it.

Mobil resterday had no comment

"If this signal is heeded by the other exporters, the Saudis would not push their production above the man for Shell said that it had not current Opec quota of 4.3m b/d," had discussions regarding this matsays the newsletter. As a result of ter." the new arrangements, Saudi output is expected to rise to between 3m b/d and 3.5m b/d compared with the level in August of little more

If production and price discipline among oil exporters can be estab- \$10m a month.

Mobil yesterday had no comment on the report about the pricing of refinery feedstock and a spokes-Mobil, however, is known to have

been pressing for a more lenient price for feedstock ever since its Yanbu refinery started operations Mikhail Gorbachev, the Soviet leadjust over a year ago. Its losses are believed to have been running at kind to yesterday's further expul-

series of setbacks in its efforts to find a European partner, this could eventually lead to a review on the part of the French group of its computer strategy

Mrs Thatcher, who has an image to keep up in Moscow as "the Iron Lady" - a description first used by the Soviets - clearly did not want to appear in a weakened position

**NEWS** 

## REVIEW

#### BUSINESS VoCuL accord with

## SECTION II - COMPANIES AND MARKETS

## **FINANCIAL TIMES**

Tuesday September 17 1985



James Buxton looks at the part-privatisation of Italy's main telephone utility

## SIP share sale rings the changes

WITH A lack of razzamatazz that sector companies, especially in adthemen who handled the stock exvanced sectors such as telecommutative institutions (6 per cent).

When the operation is complete late 1970s governments refused to change launch of British Telecom would find astonishing, the Italian Government is in effect selling about 30 per cent of its stake in SIP, the country's main telephone utili-

The first part of the operation began yesterday with the opening of an offer for the sale to the public of 70m ordinary shares in SIP. A further 5m are being placed through a but also by the stability of a country London stockbroker with non-Italian institutional investors.

When these and other work of " When these and other parts of the records by staying in power for operation are complete - in two to more than two years. three years - about Lire 1,000bn (\$514m) will have been raised.

Two or three years ago Italians and foreigners who follow Italy would have been rubbing their eyes in astonishment. The idea of the state reducing its stake in anything, of the state industrial holding comlet along finding anyone to sell it to, was unheard of SIP was, until 1981, a company with serious financial problems and managerial difficulproblems and managerial difficul- per cent government-owned. Rath- among U.S. ties. And institutional investors in er it is a good example of the Italian institutions. the City of London were not saying, as they are now, that they needed shares in "blue-chip Italian state

The SIP share sale shows how dustry. Stet owns 79 per cent of SIP, are to be sold to Mediobanca for it. Minister of Posts is preparing it to keep in its investment portfolio. Should gain control of all internal few years. There has been a conper cent. The rest of SIP's equity is certed effort to revive and make divided between small shareholders more efficient some of the state- (8 per cent), Pirelli, the cables and Mediobanca, which will be issuing what circumscribed, it used to be

nications. There has been a revival of serious interest in the Milan stock exchange, now climbing higher every day.

Men the operation is complete STETs holding of SIP ordinary SIP does not mean an ideological shares will have been reduced to 51 shift, but rather a return to the kind or continuous states.

Italian savers pouring their money into newly created mutual funds, and part by foreign investors im-pressed not just by the revival of

The sale of government-owned shares in SIP promises to be the biggest of a series of partial or complete privatisations of state-sector companies being carried out under Professor Romano Prodi, chairman pany IRL But it needs to be seen in its context. SIP is not a nationalised company, and has never been 100 formula for state ownership of industry.

IRI controls SIP through STET. companies to enrich their its holding company for the telec-portiolies.

mon in the 1960s, before the state

in more capital. The present opera-tion did not even require the ap-proval of parliament.

So what kind of company is SIP? Nor, it should be said, is the operders in SIP. The 70m ordinary shares which went on offer yester-day at an official price of 12,700 each will be allocated by a consor-tium of Italian banks, all controlled by IRI, led by Mediobanca and Ban-

are being placed by Quilter Goodison, the London stockbrokers, half among British institutions.

in SIP on three dates to June 1987. A further 30m ordinary shares And under a new Bill which the are to be sold to Mediobanca for it Minister of Posts is preparing it

r every day.

of balance between state and pri-shares to 36 per cent. But many SIP

Part of this interest is fuelled by vate shareholders that was com-shares will still be in the hands of sector began to run into heavy controlled by the state, or by mutu-losses and only the state would put al funds many of which are them controlled by the state, or by mutu-

> It is the leading concern in the comation aimed at enrolling small pri-vate investors as direct sharehol-companies and government organisations which operate Italy's nonetoo-advanced or efficient telecomnunications. SIP handles all Italy's urban telephone traffic and some of its trunk traffic. It does not handle international calls, or tele-services. but it is the only Italian telephor

> among British institutions and half among U.S. and other European Italian telecommunications creeps institutions. All these 120m shares carry a from other organisations for most warrant entitling the holder to buy new telecommunications services, for a further 12,700 a savings share such as Italy's new packet switching-system of data transmission.

allow it to raise its charges, in an unsuccessful attempt to hold down inflation. SIP plunged into loss and virtually ceased investing. Only in 1980 were the first increases in charges allowed, and from then on SIP's finances revived sharply.

Since 1981 SIP has been making profits and paying a dividend. But in 1984 profits declined by 44 per cent to L185bn (on total revenue of L7,800bn) mainly because of new delays in obtaining government ap-proval for increases in charges. Since then, the charges have gone up again and SIP's finances look set for the next year or two.

But the sale of shares in SIP is going ahead without there being a hard and fast formula under wh it could be certain of being able to raise its charges in line with, or just below the rate of inflation. It is still dependent on the decisions of min-isters and, ultimately, of perliament, for its revenue increases.

SIP's new shareholders hope the Government will realise higher telephone charges may be essential to pay for investments that many politicians believe are essential. And they also hope that their very existence as shareholders – espe-cially those abroad – will oblige the Government to treat SIP more

#### **EUROBONDS**

#### Goodyear jumbo cashes in on Swiss taste for U.S. names

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

launch a jumbo issue in the Swiss bond market.

It is raising SwFr 238m through a 15-year, 5% per cent issue priced at 100% per cent and led by Union Bank of Switzerland. The issue follows on from a SwFr 275m bond for R. J. Reynolds, the tobacco concern, and underlines the corrent appetite among Swiss investors for top qual-

ity U.S. corporate names. Such names are still rare enough in the Swiss franc market for deals to be arranged on terms that allow a swap into dollars at lower cost than that available in the dollar sector itself. Yesterday's deal was part of a swap and included Goldman

GOODYEAR Thre and Rubber yes—also increasingly forcing the launch to terday became the second major of bonds on preset terms rather the domestic market of SwFr 125m. U.S. corporation this month to than with indicated coupons as has the domestic market of SwFr 125m. The warrants on both issues will be been the traditional practice of this fungible.

day also saw the launch of a SwFr 100m, 10-year issue for Portugal with an indicated coupon of 6 per cent and led by UBS. Korea Devel-

A mixed to firmer market vester-

nated yesterday by the \$2.5bn floating rate note for the U.K. Treasury but elsewhere business also had a

warrants, one with a three-year life allowing purchase of a share at the

closing price on September 24 and another with a five-year life carrycent and led by UBS. Korea Deveropment Bank is to follow up with an issue of about SwFr 70m to SwFr steep run up in the bank's share price this year to SwFr 2,030 from a low of SwFr 1400 in April.

D-Mark bonds were also slightly firmer. The Council of Europe is raising DM 150m through a 10-year Swiss flavour with the launch by 6% per cent issue priced at par by UBS (Securities) of a \$75m, five lead manager BHF-Bank. Den year bond with equity warrants for Danske Bank is leading a Danske B But the proliferation of swap deals in the Swiss franc market is

Swap deals in the Swiss franc market is

Swap our span indicated at par for the Nordic Investment Bank.

## Mexico bank issues novel facility

BY OUR EUROMARKETS CORRESPONDENT

commercial paper facility in the of commercial paper guaranteed by

bank away from dependence on costly interbank deposit money, for which Banamez has been paying a premium of up to % per cent over the London interbank deposit rate since the Mexican debt crisis in 1982.

Despite the recent signature by Mexico of a \$48.7bn multi-year debt rescheduling, the premium still stands at around ½ per cent, though it should be virtually eliminated by

The deal involves the issue of commercial paper guaranteed by the National Fire Insurance Compa-ny and backed up by standby let-

BANCO Nacional de Mexico, the ters of credit issued by banks finance trade and the purchase of state-owned commercial bank, has whose deposits are being reficiency for development prolaunched a novel \$100m, four-year nanced. Bankers say that the issue U.S. as part of a plan to reduce its an insurance company is not unplenish its foreign exchange recost of funds.

The facility aims to wean the believed to be the first time such a the long war with Iran. deal has been arranged for a bank.

Bankers said yesterday that the sensitive political background led

> National Fire for its guarantee on the paper.
>
> Bankers Trust is agent for the faBankers Trust is agent for the facility, while Merrill Lynch will be
> dealers in the paper itself. Banamex is now understood to be looking at other ways of refinancing its
> interbank denosits including a rote.
>
> The credit carries a margin over
> Libor of 1 per cent, the same as that
> on a similar \$500m deal arranged in
> 1993 through URAF the Paris con-

issuance facility. the syndicated loan market through

a five-year credit led by Gulf International Bank. The deal is officially intended to \$50m.

an underlying need for Iraq to re-

disclose the level of fee it is paying the deal to be launched with a minimum of publicity and the frct that

interbank deposits, including a note 1983 through URAF, the Paris consortium bank. Other terms include ● Iraq is quietly raising \$500m in a commitment fee of % per cent. Front-end fees range up to a generous 1 per cent for banks willing to underwrite a big-ticket amount of

## Investa buys into **Elektrisk**

By Fay Gjester in Oslo

IN A DEAL worth Nkr 280.8m (\$33m) - one of the largest single share purchases ever seen in Norway – the Bergen-based Investa Group has bought a 25.2 per cent stake in Elektrisk Bureau (EB) a leading Norwegian electronics and decommunications concern.

private interests led by a prominent Norwegian corporate raider, Mr Niels Bugge, and their joint gross profit on the deal has been estimated at about Nkr 40m. Mr Bugge acquired a large block of EB shares last spring, when the price was well below the Nkr 175 a share which Investa has now paid for 1.5m shares.

After the sale, announced at the

EB has long been the target of speculative buying by various investors. Only last month a subsidiary of Investa, Elektro Union (EU), came close to acquiring a controlling stake in the concern - from Mr Bugge and another large shareholder group. EU backed out at the last minute because of strong opposition from EB's board, mana and labour force, which did not want to see one shareholder secur-

ing a controlling stake. Investa has agreed with EB's management not to boost its holdings, beyond 50 per cent, and has been welcomed as a hopefully seri-ous shareholder by the board and employees. The other main shareholder, Sweden's LM Ericsson, also owns about a quarter of EB, so between them Investa and Ericsson now control a majority of

the shares.

 Borregaard, the Norwegian for est products, metal, manufacturing and foodstuffs group, has paid Nkr 18.9m for 40 per cent of the 330,000 "B" shares in a Norwegian company, Viking-Askim, which has a maret value of around Nkr 38m. Borregaard paid Nkr 130 each – around Nkr 15 above market price – for the chares, which have a par value of Nkr 100. It is understood to be interested in the company's snacks divi-sion, Viking-Polly.

#### Philips steps up VHS output

PHILIPS, the Dutch electronics group, plans to begin producing VHS video cassette recorders at a second factory in the Far East as part of a Y9bn video development centre in Japan to be jointly operated by Philips and Marantz.

The new VHS plant sounds another death knell for Philips' own V2000 format, which has been eclipsed by VHS and not been produced in a year. The Japanese fac-tory also confirms predictions by Mr Wisse Decker, Philips' head, that production facilities would be moved to the Far East if economies of scale could not be achieved in

Farope.

With a small-scale production ca-With a small-scale production capacity of 100,000 VCRs a year, the Japanese factory will supplement a large-scale VCR plant being built in South Korea with a capacity of between 400,000 and 590,000 VCRs a lower than in the first half of 1984 in the slowdown is at months of 1984. The slowdown is

## McDonald's adopts hostile bid defence

tionalised banks and industries.

on the bourse in recent days.

optimistic that the dip in the mar-

fundamental downturn. The bourse so far this year has gained about 20

The market - which was weak in

Bourse dealers and bankers say

with - that could absorb a certain

amount of cash." said one bourse

Schindler earnings

held at SwFr 46m

SCHINDLER, the Swiss lift manu- at SwFr 773m., However, the group

BY WILLIAM DULLFORCE IN GENEVA

dealer yesterday.

July after a bout of worries over po-litical uncertainties which could fol-

McDONALD'S, the U.S. fast food even though the group faced no im- year a number of major U.S. food tender offer for 30 per cent or more chain, has adopted a "poison pill" mediate takeover threat.
takeover defence which, if triggered "McDonald's has not be "McDonald's has not been, is not,

by a bostile takeover bid, among and does not expect to be involved other provisions, would give share in any discussions that could in any holders the right to acquire shares in the surviving company at half price. Way affect the independence of our in the surviving company at half my said Mr Fred Turner, mrice. McDonald's, whose sales volume executive.

Paris Bourse rally

A FLOOD of rights issues and other headed by M Jacques Chirac, May-

BY DAVID MARSH AND PAUL BETTS IN PARIS

France's biggest private-sector political complexities. groups, has led to some indigestion. Company treasurers

groups have been involved in multibillion dollar takeover bids,

nald's plan shareholders will receive rights to purchase additional McDonald's shares. Each right would entitle shareholders to buy one newly issued share of McDoand margins have continued to expand despite growing competition, emphasised that its board of directors adopted the defensive strategy

Nevertheless Mr Turner noted anald's for \$200 but would only be that the plan had been adopted because of "the current abusive take acquired 20 per cent or more of over environment." Over the past

McDonald's, which boasts that it illion dollar takeover bids, serves 18m people a day in 8,600 Under the terms of the McDo-restaurants - 75 per cent of which

are locally owned an operated by incountries, noted that the defensive strategy was mainly designed to head off partial or two-tier hostile naid's for \$200 but would only be tender offers that did not treat all triggered if an individual or a group shareholders equally, or a creeping acquisition of shares in the open

weekend, speculative interest in EB capital-raising operations by or of Paris, has put forward a plan inacturing group, said yesterday appeared to vanish. Yesterday the share price tumbled Nkr 9 to Nkr Bourse this month has been year by selling state stakes in prompted partiy by worries that a banks and companies nationalised chase 10.79m of its shares - equivaufacturing group, said yesterday that it paid \$529.8m in cash and

right-wing government next year by the socialist administration in could start to sell holdings in na- 1982, and those taken under state PPG said almost 8.9m of the re purchased shares were acquired The series of issues, including Party officials admit, however, two long-awaited transactions by that the denationalisation plans owned by descendents of Mr John Pitcairn, a PPG founder. The other realization and Michelin, two of could be held up by economic and from Pitcairn, a private company sellers also traced their orgins to Mr Pitcairn. As a result, PPG said Company treasurers and the fi-Pitcairn, until now PPG's largest nancial markets are wary about the single shareholder, no longer holds Bourse dealers, on the whole, are opposition's denationalisation

a stake in the group. Mr Vincent Sarni, PPG's chair plans. The finance director of one of ket this month represents only a France's top nationalised groups correction rather than the start of a says privately that a tide of sales of fundamental downturn. The bourse state holdings in industrial and man and chief executive, said the Pittsburgh-based group, which is the world's largest producer of flat glass and industrial coatings and banking concerns could lead to such per cent after rises of 16.5 per cent a glut of paper that these compalast year and 58 per cent in 1983.

The market - which was weak in which also manufactures resins and chemicals, was able to repurchase the stake because "Pitcairn faced

One reason for the bunching of low next year's general elections has since steadied but slipped back
again yesterday in light trading. funding now before political uncerup \$% at \$43.75.

issue managers have advised com-panies to bring forward funding to dealers say. pre-empt a possible tide of share
sales next year under the right's namarket liquidity - swollen by retionalisation plans. Next year we capts of France's burgeoning unit could have denationalisation to deal trusts and mutual funds - could be reduced this month by the Govern-ment's just announced FFr 15bn bond issue.

control by earlier governments.

And an investment manager at one of France's large nationalised on the main bourse is a heavy issue banks said: "There is a risk of a certain supply of issues next year. But the unlisted market in Paris and on we know the politicians won't force provincial stock exchanges, with denationalisation if the market about 30 companies planning to make their entry in the next few months.

#### Political fears spark PPG buys back 15% share stake

By Paul Taylor in New York

PPG Industries, the U.S. glass manlent to a 15 per cent stake.

the need for greater liquidity."

The purchase price represents

about a 13.5 per cent premium over PPG's Friday closing share price of \$43%. After the announcement PPG's shares were changing hands Mr Sarni, who took over the chief

executive's job a year ago, added that the stock repurchase will not change the implementation of strategies at PPG. Last year PPG reported net earnings up 30 per cent at \$303m

#### Workforce cuts at U.S. computer group By Louise Kehoe In San Francisco

STORAGE Technology Corpora-tion, the U.S. computer peripherals company, is to reduce its workforce by a further 500 people over the next three months and restructure its operations along functional

tection under Chapter 11 of the U.S. Bankruptcy Code last October and the company said that the current changes will play an important role in its emergence from bankruptcy.

SCHINDLER, the Swiss int manu-facturer, expects to hold consolidat-ed net earnings at approximately of June of SwFr 1.6bn represented last year's SwFr 46m (\$20m) in 1985 an advance of SwFr 260m over the after reporting a 14 per cent climb in order volume to SwFr 1.07bn in Schindler, now in the hands of a the first half.

In lifts and escalators, which make up most of group business, sales rose 9.7 per cent to SwFr 950m. This was a lower growth rate than that achieved in the first six months of 1984. The slowdown is attributed to continuing stagnation in world construction markets.

Schindler, now in the hands of a new management which plans to increase spending on research and development, is flighting hard to extend its share of a declining lift market in competition with Otis of the U.S., Kone of Finland and Japanese manufacturers.

In recent wears Schindler hards The consolidations are designed to allow the company to focus on its computer tapes, disk and printer operations while streamlining support and administration, the como ny said. Sales, marketing and field engineering, as well as product de-velopment, will not be affected by the cuts.

Storage Technology laid off 500 people in June, citing the downturn in the computer industry



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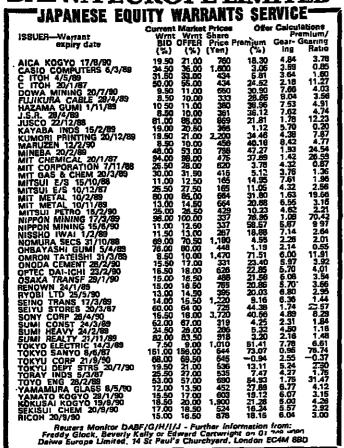
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#### INTL. COMPANIES & FINANCE

## Narrow success for plan to save Associated Hotels

AN 18-MONTH struggle to rescue Associated Hotels, the Hong Kong group whose main asset is the Hyatt Regency Hotel, narrowly succeeded yesterday when shareholders and 62 major creditors approved a plan to restructure the group, and eliminate debts amounting to HK\$1.3bn (US\$166.4m).

Associated Hotels is substan-Associated Hotels is Substantially controlled by the Cheong family of Singapore. It is thought to be the last of the major casualties of the 1982 property crash in Hong Kong. In the wake of approval for the stantial land. The Pears Chemical Inc. rescue plan Mr Poon Cheong Kit, the group's financial ad-viser. talked of Associated Hotels as "a salt fish come alive"—a Cantonese idiom suggesting the group has been brought back from the dead.

As part of the restructuring, Associated Hotels will change its name to Tien Teck Land, reflecting the name of its parent company in Singapore. The Hyatt Regency will be controlled by a 46 per cent-owned subsi-diary, Associated International. A refurbishment programme now in progress is likely to be

This issue has been under-written by Indosuez Asia and Schroders Asia. A new secured loan worth HK\$480m will be made available to International from Indoseus Asia, the Hang Seng Bank, and Nanyang Commercial Bank. These and other moves will enable the group to

Associated's 62 bank creditors, grouped into five syndicates, will get about HK\$54 compensation for every HK\$100 owed, enabling Associated to eliminate debts amounting to HK\$1.3bn. The only major syndicate opposed to the rescue plan was that led by the Bank of Tokyo. This group accounted for debts

repay all other international

amounting to 27.8 per cent of the voting power of creditors enough to stymic the rescue plan which needed approval by 75 per cent of creditors.

After the final count, it was found that 76.65 per cent of creditors had voted for the rescue, suggesting that some members of the Bank of Tokyo

syndicate either abstained or

New equity in Associated opted to support the plan. The International, amounting to Bank of Tokyo, or members of HK\$161m, will be raised from its syndicate, are understood to Associated Hotels' shareholders. be considering an appeal

against yesterday's result.

Mr Poon Cheong Kit said after the day's votes: "It was a close thing, but the main fact is that the plan has got through. This is a company that a year ago had almost no hope, and now it has almost been brought back to life. It is still on a life suport system, but it now has a good chance to survive."

Details of the International share issue will be posted to Associated Shareholders on September 26, the company said. They will have until October 10 to consider whether to take it up or not.

• Mr Robert Fell,

Kong's Banking Commi yesterday stepped in to assure investors in Wing Hang Bank after rumours in nearby Macao triggered a run on its branch in the Portuguese-administered territory. Wing Hang has 15 branches in Hong Kong, and is substantially controlled by Irving Trust of the U.S. The Banking Commissioner said details of the rumour were unclear, but had no substance.

#### **Dollar-denominated bond** issue for Bank of China

BY YOKO SHIBATA IN TOKYO

BANK OF CHINA plans next an international borrower. month to launch the country's first dollar-denominated bond the new Tokyo dollar market. Nomura said the so-called foreign trade bank. Shogun issue, for public sub- The issue had bee

10 years were suggested. China remains in default on national Trust Investment Corpre-1949 loans and is thus constrained from tapping the Lonsaid in Tokyo to be preparing don or New York markets a dollar launch of its own, through bond issues. The dollar either there or in Singapore.

Last week Orion Royal Bank led the return of China to the since the 1949 revolution, accorLondon markets through a
ding to Nomura Securities, \$200m issue of floating rate
which said on Friday that it certificates of deposit. This was
would lead-manage the issue in also made in the name of Bank of China, the country's principal The issue had been preceded

scription in Tokyo, would be over the past year by three for \$150m. Terms have not yet deals in the Samuri market been set, but a coupon of about which raised a total of Y70bn 10 per cent and a maturity of (\$289m). Two were for Bank of China and one for China Interissues in Japan represent a Normura is also leading a further step — one of several further Samurai issue for Bank made in recent months — in of China a Y30bn deal which its process of rehabilitation as is due to be signed this week.

#### RGC in agreed offer for stake in Allied Encabba

BY KENNETH MARSTON, MINING EDITOR

for A\$4.61m (£2.38m or \$3.10m), equal to 65 cents (33.5p) per Allied share. RGC will then move to a full acqui-

RENISON GOLDFIELDS Consolidated (RGC), the 49 per cent-owned Australian arm of Consolidated Goldfields of the UK, is seeking to extend its profitable mineral sands interests by the proposed acquisition of Allied Eneabba, which owns adjoining mining leases in Western Australia.

for every six Allied shares.

The latter offer is worth the basis of the current price for RGC shares. The lower price paid to Du Pont, together with the latter's agreement to pay higher prices for Allied's ilmenite under a long-term leases in Western Australia. leases in Western Australia.

RGC has agreed to buy the 50 per cent stake in Allied owned by Du Pont of the U.S. shares to be justified.

Shares to be justified.

Limenste under a long-term that the below-the-line charges reflected write-offs of AS34m as the value of goodwill and trade names related to purchases.

Dunlon Olympia which the value of goodwill are processed in AS461m (69 202).

lems. RGC regards the acquisi-tion as attractive because of sition by the offer to other the potential to rationalise pany plans to change its name shareholders of one RGC share Allied's operations with its own.

#### Dunlop **Olympic** lifts dividend

By Our Financial Staff DUNLOP OLYMPIC, the diversified Australian group which in July agreed the £34.5m (\$46.3m) purchase of Chrioride's battery businesses outside the UK, yesterday announced a boost in its annual dividend and a one-for-10

ing cash reserves.
The announcement panied a set of results for the year to June which showed a 26.1 per cent gain in after-tax profits to A\$80.1m. However, the figure was struck before extra-ordinary charges which at A\$32m were more than 14 times higher than those incurred in 1983-84. This left attributable

outcome some 21.6 per cent down on that year's A\$61.3m. Sales were up from A\$1.5bn to A\$1.85bn, and the total payout for the year is being lifted to 11.5 cents a share from 10.5

Sir Brian Massy-Greene, the chairman, said the company expected to maintain the dividend in the current year on the increased capital. The rights issue is priced at A\$1.60, compared with a closing market price for Dunlop Olympic yesterday of A\$2.56.

It will raise some A\$53m, and follows a one-for-six offering made at the time of the interim results announcement in February. Sir Brian added yesterday

Allied has been suffering remaining connections with financial and operational prob-

including car batteries, tyres and building supplies. The com-

## Has the dollar really peaked and gold bottomed?

If you are confused about the direction of the economy or with the price movements of gold, silver, interest rates or the stock market - you have every reason to be.

Today everything is moving with a velocity far surpassing anything seen in the past. How many times, when you thought the dollar had finally peaked, did it turn around so tast that even the economic gurus were caught on the wrong

Throughout the world, only one professional firm - Princeton Economics International Ltd -has maintained a consistent position on gold as well as the dollar. All the railies of the past five years were immediately identified by us as false moves in a long; drawn out bear market.

Our economic forecasting is unsurpassed by anyone or any firm. The Wall Street Journal described us as the highest paid consultants in the world. Maxwell Newton in the New York Post and the London Times wrote that we were "one of the most prestigious economic research companies in the nation". Our economic models forecast that a deflationary trend in the world economies would begin in April 1981 and continue into July 1985. We forecast the precise and projected a discount rate decline into 1985 to below 8% in the States.

In gold, we forecast the precise day of the high at \$875, as well as June 1982 for the bottom. On June 20 1982 we stated that "a strong up move in the area of \$200" would take place in gold. It bottomed the day after and then rallied from \$293 to \$500 by September of that year. We then forecast in February 1983 that gold would fall \$100 into the week of February 28, and

promptly gold collapsed from \$514 to \$396. We then warned that gold would continue lower into 1985 and fall below \$300 once again. In the US stock market we precisely forecast

the rally from the 1982 low. More importantly, we the rally from the 1982 low. More importantly, we picked the top in 1983 and warned that a sideways to lower patient would develop into 1984". "As long as the Dow holds 1060", we stated, "It will rally to new highs and a close above 1288 would signal a continued bull market in 1988". We also forcess more than three years ago that the pound would fall to test the \$ par level.

These are good examples of the quality of

We provide subscription services with telex updates as often as three times daily. Our services cover speculation as well as hedging and our clients include top world banks, govern-ments, corporations and private individuals.

Our hourly consultation rate is \$4,000 and institutional packages are available at \$50,000

annualty. Few individuals are in a position to pay such sums. We therefore publish monthly reports in areas such as the metals, stocks, currencies and interest rates with specific buy and sell recommendations. Sample back issues are available for £20 a copy in the metals or currencies. For a limited period only, trial subscriptions with telephone recording updates are able, only through our London office, for

well as being the most accurate and informative long term forecasting in the world. Considering what you might have at stake, can you afford not to know what is really going on?

## Japanese brokers set for record year

grated securities houses--which include the big four—are all planning to increase their divi-

The bright earnings picture stems from:

A rally on the stock market represents the first time the throughout the year, sustained Y200bn mark has been breached by a substantial liquidity of by a Japanese financial institu-

THE JAPANESE securities June of restrictions on banks per cent), bonds (39 per cent) industry, riding the crest of dealing in public sector bonds; and investment trusts (19 per financial deregulation, is enjoy— A strong performance in the cent)—reflects a better balance ing the biggest boom in its investment trust business, history. The country's 12 inte-It is unprecedented that all three sectors of their business performed well. The year is best illustrated by Nomura

dends for the year which ends this month. Securities, the largest, which is forecasting Y210bn (\$868m) in

institutional and individual tion. 53 per cent) and Y102bn (up 53 investors; The company adds that the per cent) respectively. They

Brisk gains from bond dealings, enlivened by the lifting in the three sectors—stocks (46 by Y1 to Y7.5.

than in the past.

Nomura, which had relied primarily on equity business, intends to increase its dividend by Y0.5 to Y8 a share, the ceil-

The other three major securi-ties houses, Nikko, Daiwa and Yamaichi, all expect to report



#### Princeton Economics UK Ltd

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RTS CTS DCD **发展** 

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

| Charles | Char

" 182 " " 121, " - 65, " 1 10, 5.22 † 1024 1021; + 65; + 65; 5.11 † 1031; 1034 + 1 + 11; 5.00 " 1981; 1934 + 46; + 84; 5.73 † 59; 1914 - 195; - 84; 5.46 † 101 1914; 0 - 61; + 81; 5.94 † 1001; 1009; - 81; + 81; 5.94 † 1001; 1009; - 81; - 61; 5.33 † 301; 1014; 6 - 62; 5.33 † 301; 1014; 6 - 62; 5.33 † 301; 1014; 6 - 62; 5.33

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Copies of the English language prospectus will be available during normal business hours on any weekday (Saturdays excepted) throughout the subscription period, which commences today and ends on Tuesday 1st October 1985,

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Rurgi & Indu. 15%, 52 SA,
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Amer 15%, 50 CS
Amer 15%, 50 CS
Amer Cos 11%, 55 CS
New Brutswick 11%, 50 CS
Chryster Fin Corp 17 90%
RUP, 15%, 51 MS

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#### Pargesa share sale planned

By Our Financial Staff

PARGESA, the Swiss financial group linked to Groupe Bruxelles Lambert of Belgium, plans to raise SwFr 103.5m (\$44m) through a twostage share offering.

The company, which is stepping up its dividend for the year ended June, 1985 to SwFr 55 per bearer share from SwFr 48, is to issue new registered shares and make rights ssues in existing lines of capital.

Pargesa, which has a 25 per cent stake in GBR, has a number of major shareholders including the Al-bert Frere group of Belgium.

#### INTL CO'S & FINANCE

#### **Power** Corp in Quebec TV deal

POWER Corporation of Canada, controlled by Mr Paul Desmarais, a Montreal financier, is buying control of Telé-Métropole, operator of the private commercial TV network in Quebec, for CS97.8m (U.S. \$71m). The deal is not expected to meet any regulatory hurdles because the federal Government recently eased the rules on cross-ownership of in the same city.

Power, a large financial services communications and industrial group, already owns La Presse, the second largest French-language daily newspaper in Montreal, and three regional newspapers in Qua-bec. Mr Desmarais also has communications interests in Quebec city.

Télé-Métropole owns interests in three other Quebec television stations, besides operating its principal Montreal outlet, and also owns film and TV production assets. In recent years if has diversified into call and are completed. oil and gas exploration. In the nine months ended May 31 the company earned C\$13.2m on revenues of C\$88m. It has substantial cash re-

#### Heineken in \$15m Bahamas brewery deal

By Nicki Kelly in Nassau

HEINEKEN, Europe's largest beer maker, has started construction of a

When completed in mid-1986 the brewery will have a production capacity of 1.2m cases a year. Besides Heineken, the plant will produce Juinness and at least one additional brand specially selected for the Bahamas. These products will be sold only in the Bahamas, said der Krieke. "At a later date we will investigate opportunities for export-ing other products and brands," he

Seventy-five per cent of the shares in the brewery are owned by a holding company in which Hein-eken has a \$4.5m majority interest. The other partners are the Italian brewery Paroni and the Bacardi Bahamian liquor distributors, But-ler and Sands and Abdah. The Bahamian facility is the sec-

ond Heineken brewery to be built in the Caribbean, although the company holds interests in seven other weries in the region.

#### Canadian mine group seeks share buyback

INCO, the Canadian nickel produc-er, has taken a further step to strengthen its financial position and reduce after tax financing costs by seeking to purchase one half of its C\$250m (U.S.\$182.25m) floating

rate preferred shares, Series "A".

Holders have been asked to submit competitive tenders and Inco expects to complete the purchase by the end of this month.

Pegasus Gold of the U.S. is to make an agreed tender offer for Canada's Centennial Minerals, operator of the Montana Tunnels gold project near Heiena, Montana.

Holders of Centennial Minerals are offered 30 common shares of Pegasus plus 100 share purchase warrants for every 100 shares of

Five Pegasus share purchase warrants give a three-year option to purchase one Pegasus share for CS14.57. The offer does not apply in

international Corona announces the official start of production at its 45 per cent-owned underground gold mine at the burgeoning Hemlo gold camp in north-west Ontario. Teck Corporation owns the other 55 per cent of the mine which has a life prospect of over 15 years with ore reserves of some 10m tons grading an average 0.38 oz (11.2 g) gold per ton. It is planned to build up gold production to an annual rate of 240,000 oz by 1988.

South Africa's New Wits says that the mining companies in which it is largely invested should do well in the current financial year as things now stand. Mr B. R. van Rooyen, the chairman, thus expects earn ings of New Wits to be increased with room for a further increase in lividend distributions."

The South African Tweefontein United Collieries is declaring a final dividend for the year to September 30 of 51 cents (15.1p), making a total of 91 cents against 84 cents. The Coronation Syndicate subsidiary is declaring an unchanged divider 2 cents for 1984-85.

12th September, 1985



#### *U.S.\$100,000,000*

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**NEW ISSUE** 

3rd September, 1985



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## Year of consolidation at Dalgety

Mr David Donne, the chairman, says the year was one of con-solidation for the group. The current year, which will include the benefits of the Gill & Duffus acquisition, will see another step forward in the company's growth,

Stated earnings per £1 share increased from 50.3p to 55.7p and the dividend total is to be and the divident total is to be raised 1p to 25p net, with a final of 14p (13p). A one-for-one scrip issue is also proposed.

Last year's results included a

Last year's results included a f4.6m contribution from the group's New Zealand investment. Dalgety Crown, which was sold in September 1984.

Group trading profits came to £95.6m (£93.3m), before charging interest of £31.8m (£31.6m). Related company profits of £3.8m (£8.2m) included £0.8m (£2m) in respect of the Dalgety Crown shareholding.

Shareholding.

Dalgety Farmers (Australia)

Decame a related company on June 28 1985, following disposal of 16 per cent of its equity which reduced the Dalgety holding from 65 per cent to 49 per cent. UK profits for the year were cocoa, a strong presence in After a lower tax charge of £22m (£25.7m) reflecting a reduction in overseas tax, net profits came out at £45.5m, against took £9.3m (restated £16.3m) took £9.3m (restated £16.3m)

Dalgety, the international up by £8.4m to £55.4m, with the merchanting group, has reported marginally higher pre-tax profits acquisition being reflected in a substantial increase in the contribution from the agriculture £67m previously. Turnover rose slightly from £8.7bn to £3.77bn. technical products all showed increased profits. Profits from increased profits. Profits from malt and foods did not match last year's levels.

In the U.S. there was a profits fall from £16.7m to £13.1m. A major expansion of the highly successful Martin-Brower activisuccessful martin-brower activities incurred increased operating costs which resulted in a temporary narrowing of margins.

Canadian profits dropped to £7.2m (£9.9m). These trading activities suffered from depressed conditions , while the strength of the U.S. dollar, coupled with weakness in the Swedish krona throughout much of the Year throughout much of the year made this a difficult period for the Canadian lumber operations.

Australia had an excellent year, says. Mr Donne, although the full effect was offset in the group's consolidated sterling accounts by the sharp fall of the Australian dollar. Profits were £4.8m higher at £19.9m.



Mr David Downe, chairman of Dalgety

insurance broking, a food business easily grafted on to its own and a major trading expertise relevant to many parts of the

After a lower tax charge of

from the disposal of UK meat slaughtering activities, and attributable profits emerged at £34.4m (£23.1m). Dividends absorb £19.8m (£19m.)

Loan capital at the year end was £151.1m (£162.2m) with short term borrowings down from £55m to £35.1m.

#### comment

With Gill & Duffus unconsoli-dated in Dalgety's figures, the City could only mult over the misfortunes that can still befall the old group: a dip in profits from Canadian lumber and a £4m-odd dent in the translation of Australian earnings through a depreciating currency. These were broadly to be expected, as was the lower contribution from Martin-Brower; but this business grew 20 per cent in sales and the charge to profit from expanding the distribution network for MacDonald's is money well spent MacDonald's is money well spent in the City's eyes. For the moment, Dalgety is likely to remain an income stock—on a prospective yield of 8.5 per cent on a share price up 6p at 438p—reflecting those mature or cyclical businesses beside such stars as Martin-Brower. What can be done with Gill & Duffus has yet to be seen—but the group is being markedly less outspoken now about the synergy effects.

## Grass machinery lifts Ransomes Sims

Ransomes Sims & Jefferles, machinery by the parent com- emerged at £1.94m against cultural machinery remain de machinery maker, has announ- pany, with increased sales in the £1.39m, for earnings per share of ced a 38 per cent increase in UK and a particularly strong 7p (5p adjusted). Interest of the harvest may be composed at £1.94m against cultural machinery remain de pressed and uncertain, and the pre-fax profits, from £2.2m to export performance. £3.04m, in the first half of 1985. The comparable figures are

Turnover for the Ipswich-based company has improved by 20 per cent to £33.21m against £27.71m, giving an operating profit up by £987,000 to £3.96m.

Looking ahead, Mr H. A. Whittall, the chairman, says the board anticipates the continuance of the strong performance by grass machinery, but the generally depressed market for farm machinery is likely to con-tinue into the second half.

This will affect the full year results, but, he says, the strong position of the group remains, and overall, the board expects, and overall, the board expects, as stated in the annual report, that a further improvement in profits for 1985 will be achieved.

Against this background the directors have declared an interim 1.5p dividend, against 1.2p adjusted for subdivision of the fl shares into four 25p shares, and a one-for-four scrip states, and a one-for-four scrip issue in May 1985. A total of 4p. adjusted, was paid in 1984,

For this half there were higher interest charges of £921,000

on profits of £5.31m. interest charges of £921,000 time. Overseas taxation took £454,000 So far it has been a good year (£762,000), and tax rose from for sales of grass cutting £815,000 to £1.1m. Net profits compared with £302.63m, and of £18.77m (£8.96m).

The chairman says that the subsidiary companies have also performed well on grass machinery, with the U.S. subsidiary making further progress. Ransomes France increased furnover, and Ransomes Deutschland recovered from the difficult year it experienced in 1984. it experienced in 1984.

He points out that shareholders will be aware of the difficulties facing European agriculture, compounded by a late and difficult harvest brought about by unusually adverse weather conditions. In this situation the company has food a depressed pany has faced a depressed market, but the directors are confident of the strength of its competitive position.

Not everyone has realised the full

on as you are, your company will automatically become liable for swingeing penalty payments. At present, some 85% of VAT returns are submitted late, and under the new

legislation a late return can mean an automatic,

immediate penalty of up to 30% of the total.

(and then think of your present net margin)

deep water indeed. Even punctual returns

will be penalised heavily if they are incorrect. One company was unaware of its VAT liability on the way it charged subsidiaries for central management services. The VAT assessment for six years was an unwelcome £500,000. And under the new rules, the

company would be liable to a penalty of

Another company rewarded its sales force with generous prizes. The VAT man treated them as business gifts, and required the company to account for output tax on

their cost. The assessment was £45,000, and the penalty would be a further £13,500.

Don't imagine that only an unlucky

£150,000 as well.

and you can see that you could be in very

Think of that as up to 4.5% of turnover

Bluntly, it is probable that if you carry

implications of the new VAT rules.

Having been caught out by last year's leap in profits, analysts were more or less prepared for another good performance from Ransomes in the first half, and the shares edged up 6p to 133p. Wet weather, it seems is good news for grass cutter manufacnews for grass cutter manufacturers and sales in the UK, where the rain was unrelenting, were well up over last year. Exports were also bouyant, especially to the U.S., where Ransomes has gained an encour gaging foothold. However, conditions in the market for agri-

pressed and uncertain, and the lateness of the harvest may mean that some farmers will put off this year's purchases altogether. The second half, usually the stronger of the two, may be flat this time as the company will also be carrying the full cost of the Mountfield acquisition which will not start acquisition, which will not start contributing until next year By then growth should resume

#### **Massey Ferguson doubled**

few will be hit by this tidal wave of penalties.

HM Customs & Excise have made it quite

widespread use of the powers, and that they will interpret the defence of "a reasonable

excuse" very narrowly indeed.

Mercifully, a lifebelt, so to speak, is at

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clear that increased vigilance will lead to

Massey-Ferguson Holdings, a wholly-owned subsidiary of Canada, which makes tractors and agricultural machinery, engines and industrial machinery, more than doubled pre-tax profits to £19.17m in the half-year to July 31 1985 against £8.99m last

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profits per share rose sharply to profits per share rose sharply to £77.100 against £45,600.

The company says that, as predicted in its annual report in May, it has benefited from company it has benefited from company to afficiency. timed improvements in efficiency and reduced costs but the general market outlook continues

## holders approve Saxon bid

**Enterprise** 

Enterprise Oil share-holders, including the 29.9 per cent represented by the Rio Tinto-Zine stake, have approved the £121m offer for

Saxon Oil. Mr Julian West, the Enterprise finance director, said that there had been no votes against the proposed acquisition at yesterday's extraordinary meeting, which had been taken on a show of hands. He added that he had always been confident that the bid would get the go-

Since the intervention of Since the intervention of Enterprise in the stalled Saxon merger with Charter-house Petroleum, the Saxon camp has been suggesting that BTZ might be reluctant to approve the bid, on the grounds that if successful it would not be the care head. would see its own large hold-ing diluted.

Enterprise also announced yesterday that it had made further purchases of Saxon shares in the market—a block of 120,000 were purchased last Friday to lift its total holding to 21.25 per centand published figures for the first half of 1988. These were at the top end of market

In the period to June 30, net profits after tax came out at £36m, nearly £10m ahead of the comparable figure for 1984, largely thanks to a £14.2m drop in the tax charge to £25.7m. This in turn reflected the much higher charge for exploration costs—up from £0.3m to £19m—which can be taken in part against corporation tax. At the pre-tax level, and after interest charges of £5m (£2.4m), profits came to

In a weak oil sector yesterday, Enterprise lost only 3p on the day to close at 180p. Mr West said that the outcome of the first closing date for the Saxon bid, on Thursday, would vary much depending on the market's attitude to the sector on the

affected the results for the first six months. Although the sterling/dollar exchange rate has risen since February to the company's disadvantage, the pound's weakness in the first quarter resulted in high values per harrel during that period. Average receipts for the six months were £23.19p per barrel; compared to £22. Production was substan-tially higher at 35,000 barrels per day (b/d) against 29,000 b/d in the first half of 1984. Turnover in the six months

£79m (£64.2m). After the tax charge, profits came to £36m (£24.1m after £2m cost of flotation). Earnings per share rese

rose from £117.7m to £146.8m. but sales cost £20.3m more at

£67.8m, for gross profits of

from 12.3p to 17p, covering an interim dividend 0.5p net per share higher at 3.5p. Looking to the current half, Mr West said that there was an underlying upward trend in production and a growing exploration programme, but these should be seen against the uncertainties over the off price and the volatility of exchange rates. "The full year outcome will reflect the inter-play of these factors," he said.

See Lex

## Tarmac profits rise 16% despite the poor weather

BAD WEATHER and the high interest rates in the UK were said to have affected the results of Tarmac companies in the first half of 1985. However, taxable earnings still rose by 16 per cent to £41.6m, which was a little less

to £41.8m, which was a little less than the expected £42m.

The result was achieved on turnover up by 23 per cent to £722.9m, against £587.4m for the same period last year when the pre-tax profits were £38m.

From earnings per 50p share of 8.5p, the interim dividend is being raised to 2.2p. Last year the interim was 2p, adjusted for last year's one-for-one scrip issue, from adjusted earnings of 8.4p.

In 1984 the full payment was an adjusted 8p, from taxable profits of £109.6m. In the quarry products divi-sion there was a strong per-formance from recent acquisi-tions in the U.S. where the results as a whole were encourag-ing. In the U.K, despite the bad weather, particularly at the start of the period, activities were broadly in line with the first half of 1984. South Africa however was affected by that country's high

affected by that country's high interest rates and the results were a little lower.

Housing division sales were excellent, however the weather again had an effect and profits did not come through higher than last year. Sales are on target for more than 8,000 compared with last year's total of 7,128, however the programme was affected by the had winter weather.



Sir Eric Pountain, chairman

by the bitumen refineries, which form part of the oil and industrial division, where the result was lower than for the same period last year.

The results for Plascom, the oil and gas exploration subsidiary, weakened with lower oil prices. Since the end of the period the company has been sold to Rio Tinto-Zinc for £35.8m.

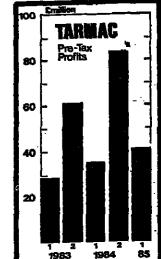
Construction, where turnover

Construction, where turnover increased, and properties both showed an improvement on

Operating profits came out at was affected by the bad winter weather.

In building products, manufacturing activities met difficult market conditions and despite a good performance from the contracting side, the division's profits were slightly down.

Tight margins were suffered (£12.6m) and with minorities



taking £200,00 against £400,000 and no extraordinaries, attributable profits were 16 per cent ahead at £26.7m, compared with

last year's £23m.

Dividends, including £5,500 on the 54 per cent preference shares, took £6.3m (£5.4m) leaving the retained profit for the half year at £19.9m against, £17.6m

Commeting on the interim results, Sir Eric Pountain, chair-man, says he was heartened by man, says he was heartened by
the group's performance "in
what has been a challenging
and difficult half year."
He adds that despite difficult
trading conditions in some of
the group's activities and the
continuing poor weather in the
UK. Tarmac is on course for
further progress for the year as
a whole.

## Mann up 56% to over £3m

Mann & Co., the estate agent which came to the market in March, has exceeded its prospectus forecast of £3m, with a 56 per cent rise in 1984-85 pro formal profits.

Profits.

The directors believe that turnover and profits during the turnover and profits for the first in the previous years, will make a valuable contribution both in the current year and thereafter turnover and profits during the turnover and pro

May 31 1985 increased to £3.15m as the businesses £2.02m) and the directors are established. (£2.02m) and the directors are confident that the current year will be one of further growth and progress.

Commission and fee income

was 22 per cent higher at £10.34m (£8.47m), while pro forma earnings per share climbed from 7.5p to 10.3p. As stated in the prospectus, no dividend will be paid in respect of the period.

Mr Jeremy Agace, the chairman, says the residential housing market was much less active than expected in the months of than expected in the months of March, April and May this year. The company believes that this was partly due to abnormally bad weather conditions and some expectations that interest rates would fall following their

recent sharp rise.

However, during the year
Mann sold over 9,700 houses
(8,800), with a value in excess
of \$420m (£350m). The
number of new offices opened last year was less than it would normally have expected, which the chairman says was mainly

of management time absorbed by the flotation. On current trading, the chair-man says there were definite signs of an increase in activity signs of an increase in activity in the early months of the current year and the directors are confident that the volume of residential sales will show a satisfactory increase in 1985-86 over the previous year.

The level of demand for housing in the areas in which Mann operates remains strong and the price increases are expected to be in line with

Two new offices and a business with four branches have been acquired since May 31

It is intended to continue the

Pre-tax figures for the year to the current year and thereafter future.

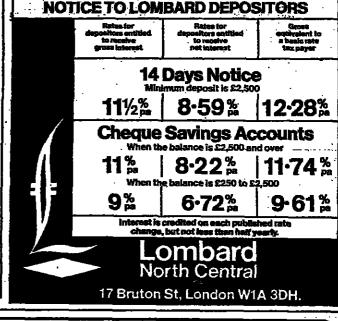
ROBERTS, ADLARD, builders' merchant, made lower pre-tax

profits of £347,000 (£475,000) in the half year to June 30 1985, on

expansion of the group's office network by opening new branches, and, when possible, by purchasing existing estate

little changed turnover f9.11m (£9.15m). Share of related company's-loss was £54,000 (£19,000) and interest took £61,000 (added £62,000). purchasing existing estate agency businesses.

Both the associated partnerships and insurance and finan-dividend is held at 2p.



## **HEPWORTH CERAMIC HOLDINGS**

## INTERIM REPORT

RESULTS IN BRIEF TURNOVER	6 months to 30th June, 1985 £ 000 190,849	6 months to 30th June, 1984 £'000 189,968	Year ended 31st December, 1984 £'000 377,676
PROFIT BEFORE TAX	13,542	20,055	35,230
EARNINGS PER SHARE	4.5p	7.4p	14.12p
DIVIDEND	2.90p	2.75p	6.75p

#### Statement by the Chairman, Mr. Peter Goodall, CBE, TD

The trading conditions in the first half of the year have followed very largely the pattern of trading conditions in the second half of last year except only that business in the first two months of the period was at a very low level due to extreme weather conditions.

Since April, however, there has been a good recovery and as I write this statement I am glad to say that this is still continuing. During the period under review we have,

of course, acquired the British Steel Corporation Refractories operation and this has now fitted in well with GR-Stein Refractories Limited and is proving to be a most valuable acquisition.

I am very pleased to welcome to the Board as a Non-Executive Director Professor Roland Smith, Chairman of House of Fraser plc, and Mr. J. R. W. Ansdell who has been appointed Group Finance Director.

Peter Goodall



Leaders in refractories, industrial sands and clayware and prominent in plastics, foundry resins & equipment, engineering etc.

To: Ian Somerville, Partner, Deloitte Haskins & Sells 128 Queen Victoria Street, London, EC4P 4JX. Telephone: 01-248 3913. ☐ Please send me a copy of your publication "VAT Survival."  $\hfill\square$  Please arrange a consultation to discuss my company's needs. ☐ Please send me details of your half-day seminars in London on 4th and 5th November 1985. **DETOITE** \_Position\_ Company\_ Address\_ Postcode.

# The Morgan Bank brings U.K. corporations opportunities in world financial markets



Discussing a capital markets answer to a client financing need are Morgan officers, from left, Oliver Parr, Roderick Peacock, Alfred M. Vinton Jr., who heads the bank's London office, and Charles Dumas of Morgan Guaranty Ltd.

Today's credit and capital markets are growing—and growing together. The result: multinational corporations can choose from a wide range of financing alternatives. The Morgan Bank offers unique strengths that can help treasurers in the U.K. exploit these opportunities.

Innovation. Morgan's ability to create cost-effective financial products that meet borrower and investor needs alike earned us first place in a *Euromoney* market survey as the most innovative bank in both the international bond and syndicated loan markets.

Market-making. Morgan is active in all major capital, credit, and currency markets—as well as foreign exchange, government bond, financial futures, swap, and bullion markets. We also have received Bank of England approval to act in the future as a market-maker in Gilt-Edged securities.

Capital strength. Morgan has nearly \$5 billion in primary capital and the highest capital-to-assets ratio among major money-center banks. We can make sizeable commitments quickly. This strength, plus our reputation as an innovator, enhances our ability to be a catalyst in the largest of deals.

U.K. expertise and worldwide resources. Morgan com-

bines a century of experience in London with the resources of a worldwide network.

The funding specialists at our subsidiary Morgan Guaranty Ltd are known for structuring financings that match opportunity to need. We are a leader in non-dollar underwritings and have pioneered the use of convertible and hedged issues, private placements, interest-rate and currency swaps, undated floating-rate notes, dual-currency issues, deferred rate settings, equity-linked issues, insurance-backed offerings.

Morgan corporate finance experts help clients plan and negotiate mergers, acquisitions, and divestitures. Through capital structure analyses, diversification strategies, and valuations, we advise on timing and financing alternatives.

We also offer traditional banking services, from lending in local and Eurocurrencies to bridge and term loans, project finance, foreign exchange.

Some examples of how Morgan serves U.K. clients:

[] Morgan Guaranty Ltd was lead manager of the Hawker Siddeley Group's most recent issue in the Eurobond market. The \$50 million issue—one of the few straight Eurodollar bond offerings made by U.K. industrial corporations

in 1984—was combined with an interest-rate swap. This enabled Hawker Siddeley to refinance a major portion of its floating-rate debt at a margin significantly below LIBOR.

☐ We initiated and completed two interest-rate swaps for a major U.K. company. The first gave the client a floating interest rate at more than 400 basis points under LIBOR against a seasoned dollar fixed-rate convertible issue. Then, following a fall in interest rates, we unwound the first swap, locking in a gain of over \$500,000 for the company.

Morgan Guaranty Ltd worked with British Petroleum in its recent bond market financing and served as lead or co-lead manager for Eurobond issues in U.S. dollars, Japanese yen, and sterling.

☐ A leading U.K. public company consulted Morgan on financing a potential £250 million overseas acquisition. Within four days we made a confidential offer to underwrite the entire cost. Our fast response and thorough analysis enabled the client to make a timely bid.

Put Morgan's strengths in the world's financial markets to work for you. Talk with the Morgan banker who calls on your company, or directly contact Morgan Guaranty Trust Company, 1 Angel Court, London EC2R 7AE.

The Morgan Bank

## Midland steps in to save **Central & Sheerwood**

Central & Sheerwood, the loss-making engineering company yesterday announced a novel said yesterday that the proposed pital restructing package volving Midland Bank which it believes is its only alternative

Under the terms of the deal. Under the terms of the deal, which is subject to shareholders approval at the annual meeting on October 9, the company is released from the threat of a potential liability of around \$23m (£17.3m) arising from a counter-indemnity on equipment sold in 1980 to a now-falled U.S. company GMP Land.

company GMP Land.

The Midland is now proposing to "cap" the liability once and for all at £5.6im. Under the scheme, Ransomes & Rapier, a C & S subsidiary which manufactures the dragline equipment used in the mining industry, will pay £3.64m to the bank, covered by a loan agreement between R & R and the Midland. In addition, C & S will issue 1.36m 10 per cent convertible first preference shares of £1 each first preference shares of £1 each at par to Midiand. The effect of the issue will be to increase the group's total issued share capital from 4.8m to 6.16m shares, of which Midland will hold 1.36m in the form of the new issue.

The C & S board, advised by

merchant bankers Samuel Montagu & Co, has decided to

unanimously recommend the deal "in the belief that it is in

Results for the half year to

Earnings pershare Dividend pershare (net)

CIBC LIMITED

CREDIT AGRICOLE

ASLK CGER BANK

LLOYDS MERCHANT BANK LIMITED

Profit before tax
Continuing operations – profit
Discontinued operations – loss

restructuring showed "industry and finance working in the closest possible cooperation to solve a quite intractable problem." He added that the only alternative for C & S was the appointment of a receiver. appointment of a receiver.

Ransomes and Rapier first encountered problems soon after it sold the dragline machine to GMP for use in the latter's anthracite mining operations." The sale was financed by a loan to GMP from the European American Bank (EAB) of New York. The loan was guaranteed to EAB by the Midland Bank of the UK, and this guarantee was in turn covered by a counter indemnity from R & R.

In the following year, GMP filed for protection from its creditors under chapter 11 of the U.S. bankruptcy code.

Since January 1984, when the present board of C & S came together under the chairmanship of Lord Eden of Winton, attempts have been made to find a buyer for the GMP mine and its assets. Since the end of that year, following the failure to stract a bid through interna-tional tender, R & R has been trying to put together a consor-tium to buy and operate the mine, or to finance an opera-tional solution. trying to put together a consortium to buy and operate the mine, or to finance an operational solution.

It is understood that Midland is still examining the feasibility described by the constant were dismissed from A. L. Dunn. There is no dividend for the 1984 year—the last having been paid in respect of 1982-63—and the deficit per share has risen from 7.97p to 20.66p.

**BANRO INDUSTRIES plc** 

Interim Results - Unaudited

66 Results in the first six months of 1985 have benefited both from the improved performance of the Group's mainstream activities and from the widening of the Group's product base. The acquisition of Limiter (Motor Cycle Accessories) Limiter (Motor Cycle Accessories) Limiter (Motor Cycle Accessories)

The Directors are confident that profit for the full year will be substantially above the profit on continuing activities of £909,000 for the 1984 financial year. The interim dividend is in line with the forecast made in April of a total of 5.5p net for the year ending 31st December, 1985. 39

range of metal and glazed product appliance and building industries.

with its own wide product range, will provide opportuni

Mr James pointed last night to the advantages to C & S share-holders, its 2,500 employees, and the estimated £30m-worth of C & S exports per year.

In its results for the year to December 31 1984, also an nounced yesterday, the £5.61m nounced yesterday, the £5.51m agreement is taken as an exceptional item, and forms the bulk of the £9.67m above the line debit. This pushed C & S more deeply into the red, with a loss before taxation of £12.71m against a comparable deficit of £4.40m

-Turnover was down from £80.31m to £64.84m. Since the year end, a number of subsidiaries have been sold, and the group now comprises, in addition to R & R, a printing and publishing division—Standard Catalogue, Whitefriars Press and Galbraith King—and Halcombe Holdings, comprising A. L. Dunn and Coventry Apex Engineering. Holcombe has been severely hit by the Ford strike which began late last year, and the consequences of which ran well into 1985. In addition, certain "malpractices and serious deficiences were identified by the board." Five employees, including the former managing director and two other directors, were dismissed from A. L. Durn.

Yearto 31.12.84

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Edward Rose, Chairman and Chief

CAJA DE AHORROS Y MONTE DE PIEDAD DE BARCELONA

CAIXA DE BARCELONA

US\$30,000,000

**NEGOTIABLE FLOATING RATE CERTIFICATES OF DEPOSIT** 

**DUE 1 AUGUST. 1990** 

FIRST CHICAGO LIMITED

TAKUGIN INTERNATIONAL BANK (EUROPE) S.A.

FIRST CHICAGO

CREDIT COMMERCIAL DE FRANCE

SANWA INTERNATIONAL LIMITED

COMMERZBANK AKTIENGESELLSCHAFT

#### **Chloride** approval for sale to Dunlop

SHAREHOLDERS of Chloride the hard-pressed battery maker, yesterday aproved the company's plan to sell the bulk of its North American and Australasian busi American and Australiasian pusi-nesses to Dunlop Olympic of Australia for £34.5m cash. About 70 shareholders appro-ved the sale at an extraordinary

meeting with only one vote cast against the proposal.

Sir Michael Edwardes, Chlo-ride chairman, said the original announcement of the sale had had a favourable impact on the company's share price. Chloride first attempted in 1981 to sell its North American

business, which was affected by overcapacity in the U.S. battery market but was unsuccessful. It has now sold the North American businesses, excluding its power electrics and standby battery operations, in a package with its Australian and New Zealand operations.

#### Oppenheimer up in first quarter

Oppenheimer & Co, a subsidiary of financial services group Mercantile House Roldings, lifted pre-tax profits from US\$1.3m to \$6.25m (£4.66m) in the first quarter to July 31, 1983. Revenues totalled \$109.28m (\$124.09m) and after-tax profits were \$4.09m (\$1.2m).

KOREA FIRST BANK
U.S.350,000,000 Floating Rabe Notes
1995
NOTICE is hereby given that Koree
First Bank (the "issuer") has been
intermed by R. R. DOWNELLEY &
SONS COMPARY LIMITED ("Downelley"), note printers, that on or about
27th August, 1985 all the deshibte
notes and relative coupons comprising
the above issue were residated in grants

## **Process Systems profits** show substantial advance

Process Systems, designer and manufacturer of microelectronic and micro-processor-based recording and control equipment, has However, he said the company manufacturer of microelectronic and micro-processor-based recording and control equipment, has lifted pre-tax profits from \$2.62m (£1.97m) to \$5.46m (£4.1m) in the year to June 30 1985.

The company, which obtained a London listing in December

1984, has raised its total revenue from \$3.35m to \$14.95m, the increase being largely accounted for by its solid state recorder system, as predicted in the prospectus.

The new Pro Data system also made a contribution in the second half, and there was a further increase in sales of totalisers and isolation relays, The directors are paying a single final dividend of 0.25 cents from stated earnings up from 3.81 cents to 5.72 cents per share. The directors continue to have confidence in the company's long-

and earnings would continue to be weighted towards the second half of the year.

rate for last year,

term growth prospects and say they look forward to reporting continuing rapid progress in terms of both revenues and profits in the future.

Mr Lawson Hamilton, the chairman and chief executive, said later that sales in the first risen above the 92p issue price

forecast was met with no room to spare. Profits would have been some \$300,00 higher if the

However, he said the company been some \$300,00 migner in the way not predicting any great company had been a little increase in net profits for the first six months, because of the proceeds into dollars. Perhaps they level of expenditure.

For the next year or two, sales on Process, as investors—understand earnings would continue to be resisted towards the second bightech companies that claim be weighted towards the second half of the year.

The company's new integrated meter recorder was expected to market really is enjoying impressional market. make a significant impact on sive growth as utilities replace sales in the second haif and the old fashioned electro-mechanical sales in the second haif and the group was also expecting that sales in Canada would double this year.

The order book at the end of the financial year was substantially above the level at the previous year end and Mr Hamilton said the order rate continues to be well above the order rate for last year.

Sales in the second haif and the enters with electronic equipment. After a first half which may be dull as the company spends ahead of the second-half spends above the level at the year could be up by over 50 per cent to \$B.3m. The order book is strong for existing products, while the new integrated Meter Recorder has been well received and could become Process' most and could become Process' most and could become Process inout important product within a year. A prospective p/e ratio of 14½ with the shares at 93p (assuming 44 per cent tax and an exchange rate of \$1.35) seems a little low—unless the dollar turns down

Setback

for Bardsey

rights issue

Bardsey, a loss-making indus-trial holding company, has an-nounced that acceptances have been received for only 7.43 per

been received for only (1.55) per cent of a 12m-share rights issue, part of a capital and debt recon-struction scheme designed by Lazard merchant bankers.

The 2-for-13 rights issue was

aimed at raising £1.02m net and

was fully underwritten. Among

the big shareholders is Mr

Michael Pearson, heir to the Cowdray fortune, who under-wrote almost half of the rights

In the six months to June Bardsey reported a £608,000 pretax loss and a loss per ordinary share of 2p. The 10p par value

ordinary shares closed up ip

## Unilever begins legal action in £1.2bn bid

Unilever, the Anglo-Dutch foods group, announced yesterday that it is beginning an action in the New York Federal district court against Richardson-Viels and its directors as part of its £1.2bn plus takeover bid for the U.S. health and skin core company. care company.

The Unilever offer document

care company.

The Unilever offer document said the company alleged violations of the Federal securities laws and breaches of fiduciary duty under Delaware law.

Unilever alleges among other things, that Richardson violated Federal securities laws by issuing a materially misleading press release on September 9 that failed to disclose that the purpose and effect of a programme to repurchase up to 5m shares was to put Richardson in a position to block any merger involving the company.

That the purchases are part of a series of transactions to take the company private, though this was not disclosed in the press release, and that Richardson failed to satisfy disclosure and filing requirements before making share purchases.

That the Richardson's directors breached their fiduciary duty to the company's stockholders by failing to disclose the purpose and effect of the open market share purchase programme and by using corporate assets to benefit the Richardson group and entrench management at the expense of other stockholders.

The Unilever offer document disclosed details of the proposed financing of the takeover bid.

disclosed details of the proposed financing of the takeover bid. Unilever Capital Corporation

Uniever Capital Corporation

Onlever Capital Corporation

Uniever Capital also has arranged a Euronote issuance facility under which short-term Euronotes may be offered by tender to a group of banks and other institutions.

#### Walsh Mander

In July, the Stock Exchange blocked moves by Mr Christopher Moran, an insurance broker, to buy into Bardsey. The Lazard The Medical Mailing Com-pany, one of the three main companies specialising in direct mail to doctors and the pharma-ceutical industry has been sold by Dun and Bradstreet to Walsh Mander (Holdings) for an un-disclosed sum. buy into Bardsey. The Lazard capital reconstruction also involved £1 7 per cent cumulative convertible redeemable preference shares being sub-divided and redesignated into 10p preferred ordinary shares on a tenfor-one basis. disclosed sum.

Walsh Mander already owns another of the companies operating in that area—Walsh Selective Mailings. The latter company accounts for about 18 per cent of Walsh Mander's £5.5m turnover, Medical Mailing will impresse its furnover by a will increase its turnover by a

## GEC and J. Rothschild buy more of own shares

BY DAYID GOODHART

THE TWO companies most noted for buying their own shares in recent months—the General Electric Company and J. Roths—thid Holdings—both announced further purchases yesterday.

GEC bought 4m of its shares last Friday at 163.5p. This takes the total it has bought since December 1984 to 79.25m—approximately 2 per cent of total approximately 2 per cent of total approximately 2 per cent of total 46.67m. approximately 3 per cent of total

From December 1984 to March 31 1985 it bought 73.2m shares at an average of 213p and a total cost of £156.5m, reducing its cash mountain to £1.41bm. Since to increase the net asset value of the company.
GEC shares rose 2p yesterday to close at 165p and J. Rothschild rose 1p to close at 101p. then it has bought another 6m.
It has authority to purchase
250m of its shares and the dead-

Stock Conversion £10m buy

Since its annual meeting in January it has acquired 23.68m of its shares for about £24.25m, representing just over 5 per cent of the share capital. The aim is

Stock Conversion, the property annual and extraordinary sharegroup currently in dispute with 
its largest shareholder, Stockley. day, was intended to show that 
has paid £10m for a portfolio of 
properties previously owned by 
Legal and General Assurance 
(Pensions Management). Stock Conversion announced 
over the weekend it had dropped 
in advance of Stock Conversion's increase its capital.

DIVIDENDS ANNOUNCED Date Corre- Total Total

	JITEDI	. Ot. Sp	oraing	IOL	Tast -
ם יי	ayment	payment	div. "	year	year -
C D Resmallint	2.6	Nov 25	<b>2.35</b> .	<del>-</del> -	6.7
Brent Chemicalsint	0.85†	Nov 6 -	0.75	_	3.5
Coin Inds	22	Oct 31	2.2	8.3	3.3
Delgety	14	Jan 2	-13	25	24
KIS GroupIII	1.85	Jan 7	1.65	_	6
Enterprise 011int	3.5	Nov 11	3	_	-
G. T. Japan Inv	1	_	1	1.4	1.4
Hall Engineeringint	3.66	Nov 7	3.41	_	7.61
invergorden D'tillers int	1.5	Oct 31	1.5		4.25
Laidlaw Thomsonint	1.25	Nov?	_	_	<b></b> .
Mellerwareint		Oct 31	-1	_	3 .
Mysen Groupint	1.25	Jan	Nil	_	1.25
Process Systems	0.25	Oct 31	_	0.25	
Ransomes Sims int	1.5 "	Nov 11	1.21	_	41
Roberts Adiardint	2	Dec 2	2	_	6
Simon Engineer'sint	2.5†	_	2.5*	_	8.
E. T. Sutherland	1.461	Nov 22	1.33	_	3.33
Tarmacint	2.2	Nov 11	2*	_	8*
Wolstenholme Rink int	2.5t	Nov 12	2.5	_	7.75
Dividends shown pence De	r share	net except v	where o	therwise	e stated.
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increased by rights an	d/or ac	ouisition	1881165.	IUSM	l Str
! Unquoted stock. ! Adjus	ted for	snare sub-d	vision a	nd scrip	issue.
U.S. cents throughout.				-	
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BOARD N	EETINGS	
TODAY  arims: A.P.V., Berr and Wallece of Trust, Bestobell, Brixton Estate, Patons, Fisons, Folkes Group, ns, J.S.D. Computer, Bernard saws, Arifiame International, Pet- Pittard, Promotions House, Romans, Systems Designers, and Arnold.	Arcspace Engineering	Sept 18 Sept 2 Oct 14 Oct 10 Nov 9 Sept 18 Sept 2
als: Arrastrong Equipment, British Carbonising, Consolidated Gold intergurape Technology Ser- A. & J. Mucklow, George H. Carbonis Park Services 7 offers	AMENDMENT With regard to the	

advertisement for UNION BANK OF SWITZERLAND which was published on page 23 of the Financial Times telephone number should be 01-588 6666

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#### **UK COMPANY NEWS**

turned into one of mild disappointment yesterday. The hope

## **Brent Chemicals shows** 16% advance at midway

Breut Chemicals International continued to make good progress in the first six months of 1985, with pre-tax profits for the period up 16 per cent from \$2.25m to \$2.61m, despite lower sales of \$25.93m, against £27.88m, Stated half year earnings per 10 share rose by 20 per cent from 3.5p to 4.2p and the interim dividend is 0.1p higher at 0.85p net—last year's total payment was 3.5p on \$4.81m taxable profits.

Mr Lane says Lectrokem will increase significantly the group's coverage of the high group's mutit-layer printed circuit board industry in Southern California.

to emphasise the marketing of application and performance based specialty chemicals and other specialised products in niches with good growth potential to industrial customers. As part of this policy the group has recently amounced the acquisitions of Winnetts and

UK side helps Hall Engineering

Nearly all of its UK operations contributed to the 24 per cent first half increase in pre-tax profits at Hall Engineering (Holdings), and the improving trend is exepected to continue in the second half, with the additional harfst of layers becomes

ional benfit of lower borowings

For six months to end-June 1985 the pre-tax result improved from £1.52m to £1.89m, on turn-over ahead at £63.25m against

Mr R. N. C. Hall, the chair-

man, says that there has been a

significant improvement in the

Profits from the overseas activities, however, have been seve-rely affected by the economic and political problems in South Africa, he states. The weakness

in oil prices, which related com-panies operate, also contributed to the decreases, as did the con-version of overseas earnings into sterling at the end of June.

to 24% rise

and interest rates.

coming through.

i mi

RATES

stated and year earnings per from 3.5p to 4.2p and the interim dividend is 0.1p higher at 0.55p net—last year's total payment was 3.5p on £4.31m taxable profits.

Mr Peter Lane, the chairman, says the group aims to achieve an elowe-average growth rate in earnings per share by organic development and, where appropriate, by acquisition.

In the half year, the Ardrox and food, beverage and packaging division performed particularly well, and sales on a comparable basis were substantially ahead.

The group's strategy combinues to emphasise the marketing of application and penformance based speciality chemicals and other specialised products in niches with good growth poten. increase significantly the group's with acquisitions and disposals coverage of the high growth, multi-layer printed circuit board industry in Southern California. The group's financial position remains strong, the chairman states. Following completion of the two acquisitions, net borrowings will be approximately 35 per cent of the group's net tangible assets.

Pre-tax profits were struck after net interest payable reduced from £231,000 to £169,000 After tax of £825,000 (£787,000) and minorities of £98,000 (£43,000), attributable earnings came out at £1.69m, compared with £1.42m.

The interim dividend absorbs £356,000 (£305,0003.

Comment

The mood of relief which followed Brent Chemicals' extrication from its unsuccessful ven-

Sutherland up to £0.7m

## **Bramall profits** increase 33%

DESPITE A loss from its newlyacquired offshoot, Manor man says, was to reduce the
National, C. D. Bramall managed
to increase taxable earnings by
3 per cent on the first half of
1985.

In the six months to the end

had been that with management free to start again with a clean sheet and put the more promising acquisitions to good account, the growth path of past years might be resumed. True, pre-tax profits rose by 16 per cent, but with acquisitions and disposals surposed out the calcai increase. On turnover up by 37 per cent from £30.67m to £41.91m, pro-tex profits for the Bradford-based motor dealer were £1.81m, against £1.36m. For earnings per share, before extraordinary items, of 19.5p (13.8p), the interim dividend is being raised to 2.6p (2.35p).

Mr D. C. A. Bramall, chairman

to 2.6p (2.55p).

Mr D. C. A. Bramall, chairman and managing director, says the figures include a small trading loss from Manor in the two months it was part of the group. The other companies, however, performed satisfactorily with the inance and contract hire division doing exceptionally well.

The two charge was \$757.000.

sion doing exceptionally well.

The tax charge was £757,000, against the previous period's £631,000, when there was an extraordinary credit or £206,070, leaving attributable profits at £1.05m, against £939,000. With dividends taking an increased £132,000 (£110,000), retained profit was £922,000, compared with £829,000.

My Rymall says that the hire

part of the group in May. One to the year.

operations.

In the six months to the end of June 1985, Manor reported pre-tax profits of £72,000 (£8,000) on turnover of £29,73m (£31,46m). Trading profit had come out at £522,000, against £456,000, but was hit by heavy interest charges of £450,000

Following extraordinary charges of £106,000, mainly resulting from the legal and professional costs involved in the takeover by Bramall, the attributable loss was £34,000. That compared with 1984's figures of extraordinary charges of £69,000, giving attributable losses of £92,000.

The group is in the process of disposing of a number of properties. The Luton depot, which was not considered adequate for the requirements of a modern efficient dealership, was sold for £900,000. Negotiations are also going ahead for the sale of two properties which are no longer being used and a third where it is intended to rehouse the

with £829,000. Which says that the hire purchase company sold its hire purchase debtors to a national finance house which resulted in a windfall profit of £250,000. That was sufficient to clear the cash borrowings arranged for the purchase of Manor.

He adds that the terms arranged for future acceptance of the group's retail hire purchase business would not affect the earnings of the group's finance offshoot.

For most of the period the directors were involved with the directors which are no longer being used and a third where it is intended to rehouse the dealership.

Manor's contract hire company, Carefree Leasing, was merged within the contract hire dealership.

For the rest of 1985, Mr Bramall says that the companies within the group will benefit costs have been eliminated. The first two months of the second half have produced good results and if there is no material that the produced and a third where it is intended to rehouse the dealership.

For the rest of 1985, Mr Bramall says that the company, Carefree Leasing, was merged within the contract hire dealership.

For the rest of 1985, Mr Bramall says that the companies within the group will benefit of the group's first two months of the second hand can be a supplied to rehouse the dealership.

E. T. Sutherland and Son, the Sheffield-based chilled and canned food company which is quoted on the USM, raised pretax profits by over 19 per cent from an adjusted £583,000 to 588,000 for the half year to June 30 1985. Turnover was 17 per cent higher at £11.14m, against £9.49m, and included price increases of less than 3 per cent. from an adjusted £583,000 to "\$98.000 for the half year to June 30 1985. Thrower was 17 per cent higher at £11.14m, against £9.49m, and included price increases of less than 3 per cent. After tax of £288,000 (£272,000) searnings per 25p share were up from a stated 2.17p to 2.73p. The net interim dividend is higher at 1.46p (1.33p), but certain Sutherland family shareholders have waived their rights to interim payments totalling £144,000 (£131,000).

Mr Peter Sutherland, the chair.

performance of the group's UK activities, although the benefits following the ending of the miners' strike have been slow in

Overall, the outlook is encouraging and he expects to report a satisfactory improve-ment in the trading results for the year as a whole. Last year,

version of overseas earnings into sterling at the end of June.

An increased interim dividend of 3.66p (3.41p) is being paid, and the directors intend raising the total payment for the year on the assumption the second half results will show the expected increase.

Not earnings for the period trading marging in the period trading marging in the period trading marging in the period. the assumption the second half results will show the expected increase.

Net earnings for the period are shown up from 5.06p to 8.5p per 50p share.

Net assumption the second half ment costs, particularly those the company's balance sheet is relating to geographical expansion, have had some impact on trading margins in the period. 30 1985, and forms a solid base for further growth, the chakman concludes.

and outlook encouraging

Mr Peter Sutherland, the chairman, says that after a difficult year in 1984, the company has returned to levels of growth in sales and profits well ahead of inflation and in line with the board's expectations.

Overall, the analysis increases in sales wolume with further growth anticipated for the remaining months of the year.

Raw material costs generally have been reasonably stable, although poultry neglections.

ever growing demand for poultry based products. Competition within the industry remains intense, but the company is confident that the continuing implementation of its capital expenditure and product improvement and development programmes will ensure profitable progress in the future.

#### Wolstenholme Rink hit by **Omnicrom start-up loss**

After charging start up losses wholly owned UK subsidiary from the new venture in Omniwers somewhat slower off the crom, taxable profits of Wolsten mark than hoped for, and their rom the near cross, taxable profits or water the last showed a reduction from £818,000 to £752,000 for the half year to June 30, 1985. Gross of these losses, this year's pretax figure was £1,03m—a 25 per the U.S., where production is now fully under way. In the UK selling started in July and production in early September.

capital—last year's total was 7.75p on £1.69m pre-tax profits.

Mr S. H. Wright, the chairman, says that while the immediate outlook for sales of bronze powoutcook for sales of oronze pow-ders remains, disappointing, prospects for the company's other traditional products look good. The overall outcome for the second half will, however, be significantly affected by the pace at which Omnicrom sales build

At Omnicrom, both the U.S. ges of £72,000 (£20,000), attri-company (in which a 49 per butable profits were lower at cent stake is held) and the £277,000 (£484,000).

were somewhat slower off the mark than hoped for, and their

While sales for a new product are difficult to predict, the board currently expects second half profits to exceed first-half losses. The board is satisfied the Omnireturns.

Group half-year turnover rose to £11.58m (£10.59m). Tax took £378,000 (£297,000) After minorities of £25,000 (£17,000) and extraordinary char-

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91/2 Notes due July 1, 1986

Chemical Bank, Fiscal and Paying Agent on behalf of GMAC Overseas Finance Corporation, N.V.

Dated: September 10, 1985

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R. Nivison & Co. 25 Austin Friers London EC2N 2JB Kredietbank N.V. 40 Basinghall Street, London EC2V 5DE

17th September, 1985

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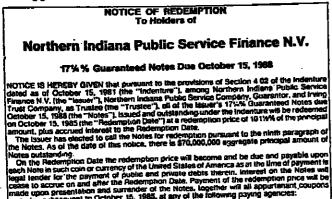
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17th September, 1985



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spresented by coupons which shall have matured on or pri inue to be payable to the bearers of such coupons several i payable to the holders of Notes presented for redempts themats of interest unless common payables have been recomption Date shall continue to be payable to the between of such coupons several specimely, and the amounts payable to the holders of Notes presented for redempti-nt include such unpaid instalments of interest unless coupons representing such install accompany the Notes presented for redemption. The interest coupons metural shall accompany the Notes presented for redemption. The interest coupons metural shall be detailed and presented for payment in the usual manner, sent at any paying agency will be made, at the direction of the holder, by check draw register to a United States dollar account maintained by the payee, with a park in till h of Manhattan, The City of New York.

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## Simon midway increase lower than expected

Simon Engineering increased pre-tax profits by 5.8 per cent to 19.32m in the six months to June 30 1985 compared with £8.81m in the first half of last tions in Nigeria. year on turnover up to £264.67m against £228.05m. But the result did not match the expectations of

the company, which is involved in the manufacture of specialised machinery, process plant con-tracting, merchanting and storage and oil services. and oil services.

Mr Harry Harrison, chairman, says world trading conditions in some sectors of the company's business are still not reflecting

business are still not renecting the general economic recovery. He lists three factors which combined to reduce profits below expectations: the decline in margins in the company's grain terminals construction, business, which is now closed; the sharp fall in the level of cilified exploration in the U.S., which has delayed expected growth: and has delayed expected growth; and unfavourable exchange rate

movements.

Nonetheless, he says, most of the company's businesses performed well. "We are especially pleased that the results of Drake & Skull are much improved and more in line with our expectations."

tions."

He says the group's finances and balance sheet remain strong.

Profits for the full year, he

The new Crown shares will rank pari passu with existing ones, although will not be entitled to a final dividend for the

Capital's directors and its

financial advisors are recom-mending that shareholders accept

the offer. Shareholders of more than 35 per cent of the shares have agreed ot accept.

Crown currently owns 26 per cent of Caiptal, and Greenstar Leisure, a company controlled by

Mr G Currie who is the chair-man of both companies, owns a

current year.

Crown Intl.

bid terms

increased says, should be similar to last pect for the year. The decision er cent to year's £25.62m — assuming that makes sense; the group's months to there is no further significant strength is in its specialised used with deterioration in trading condideterioration in trading condi-The interim dividend is 2.5p (2.5p, adjusted for one-for-one

(2.5p, adjusted for the former scrip issue last November).

Operating profits rose to £7.5m against £7.38m the share of the profits of principal related companies was £66,000 (£125,000 loss); and interest receivable less payable was £1.65m (£1.56m). Tax deductions were £2.8m (£2.5m), leaving £6.52m (£6.31m). Minority interests took £602,000

Extraordinary debits of £2.4m are mainly attributable to the closure of the grain terminals construction business and the ending of storage at South Shields and its transfer to North Attributable

23.52m against £5.47m. Earnings a share were 9.5p (9.5p) before extraordinary items. After extraordinary items they were 5.6p

Simon Engineering is taking action to shed some of its low profit margin husinesses but we look cheap compared with the are promised that this batch of extraordinaries is all we can ex-

work, not in general civil engineering projects. So overall grain terminal schemes are out while design and project manage-ment are in. The Nigeria coup has also slowed things up. Many projects were stalled awaiting import licences — these have now come through but as a renow come through but as a result the profits will be taken later than expected. It is probably this that has led chairman Harry Harrison to cast perhaps a little more gloom than necessary over these interims in his letter to shareholders. Simon as a quality engineering company with a good order book surely deserve to be seen as hope deferred rather than as hope eternally unfulfilled. Taking the chairman at his words on the year, pre-tax profits are

on the year, pre-tax profits are not expected to exceed £26m. Higher contributions from partly owned units overseas could see both tax rates and minorities' payments increasing so earnings per share will not rise and could even drop slightly.

#### Isotron on target with 61 per cent expansion

The full details of Crown International's agreed bid for Capital Television Facilities, both of which are television and video companies quoted on the USM, have been announced.

The terms of the offer are one Crown share and 16p in cash for every two Capital shares, with a S8p cash alternative. The offer is no dividend, as stated in the offer for sale.

58p cash alternative. The offer values Capital at £5.8m and the offer price compares to the 50p as chares were suspended on July 29. offer for sale. Mr Colin Clive, chairman says.

Mr Colin Clive, chairman, says, isotron is in a strong position to continue its growth, and this is already evident from the current year's trading to date.

"The company is continuing to be successful in seeking out new products to process," he says.

"While the established business is growing steadily, further expansion is expected from new medical applications and the processing of plastics.

He says the major contribution to growth in turnover came from

the says the major contribution to growth in turnover came from the processing of medical pro-ducts. Some new items, such as aerosol containers of sterile solutions, surgical drapes and pharmaceutical powders, con-tributed to the wear's growth. tributed to the year's growth.

The balance sheet is much

strengment, he says, by the cashflow from both operations and the flotation, Net tangible assets are up from £3.93m to £5.45m and there is more than £2m in cash or marketable securities. Return on average

capital employed for the year was 24 per cent.

Operating profits were up to £1.05m (£686,000). Pre-tax profits included interest received of £83,000 (£19,000) but no interest charm (£9,000) charge (£2,000).

Tax took £536,000 (£291,000),
giving net profits of £594,000
(£412,000).

Polytechnic up 30%
Polytechnic Electronics, USMquoted navigation equipment
manufacturer, has lifted pre-tax
profits by 30 per cent from
£915,000 to £1.19m in the year
ended May 31, 1985.
Turnover rose by 16 per cent
to £4.81m (£4.13m), and the
directors say that the company's
current order book stands at a
healthy £4.4m.
The single final dividend is
lifted to 3.77p (2p), which is
covered twice by stated earnings
per 5p share of 7.6p (5.7p).

#### Laidlaw **Thomson** ahead to £345,000

tectural frommonger which joined the USM in March, raised pre-tax profits from £248,000 to 5345,000 in the six months to June 30 1985 on turnover £0.8m higher at £7.44m.

After tax of £162,000 (£110,000) and minorities. attributable and minorides, attributable profits were up from f103,000 to f171,000, giving stated earnings per share of 3.63p compared with an adjusted 2.56p. An interim dividend of 1.25p net is declared.

The group's trading continues at a satisfactory level and as outlined in the March prospectus, the special products division and Muir Laidlaw husinesses have fulfilled expectations and continue to offer prospects for expected.

tinue to offer prospects for expansion.

As already announced, the group as acquired the minority interest of 40 per cent in B. H. Widdowson for £200,000 cash, paid to Mr Barry Widdowson. This transaction was completed on September 13 and will therefore, reflect in the full year's results.

#### **Ewart New** Northern --subdivision

Ewart New Northern. Belfast-based property company, is to subdivide its f1 shares into units of 25p after apparently reaching agreement with one of its major shareholders, Dalkeith

its major shareholders, Dalkeith (Ceylon) Holdings.
Dalkeith, with a holding of more than 10 per cent, had originally called an extraordinary meeting to consider its proposal for a 10p share split, but earlier this month indicated its willingness to settle for a higher denomination. gher denomination.

higher denomination.
At the annual meeting last
Thursday, the Ewart board,
headed by Major G. W. Harding,
undertook to make the necessary
arrangements for the one-for-

It was also understood that Mr Tom Wilmott, the chairman of Harvard Securities, was at the meeting in his capacity as a Fwart shareholder. Last Wednesday, Harvard withdrew its £2m offer for another Northern Ireland company, Capital Gear-

## Myson blames VAT and cutbacks for unchanged profits

Myson Group, manufacturer of heating, ventilating, air-conditioning and industrial heat-transfer equipment, blames the introduction of VAT on building improvements from June 1984 per cent increase.

The second half was relatively and spending by local authorities. and spending by local authorities, for little changed profits in the six months to June 30 1985.

Pre-tax profits were £2.27m against £2.25m last time on turn-over marginally increased to £27.24m (£27.27m).

However, Myson, which recurred divided assumed divided However, Myson, which resumed dividend payments at the end of 1984 after a four-year an interim of

the end of 1984 after a four-year gap, is paying an interim of 1.25p (nil) per 10p share.

The VAT charge and local authority cuts hit the sales and profits of Myson's domestic heating and ventilating companies, although it held its market share. However sales and profits attnough it neid its market share. However, sales and profits rose in the industrial, heating, ventilating and air conditioning and engineering companies. There was a strong turnround

The second half was relatively poor for both domestic and industrial products, says the company. But there are some signs of improvement in demand for domestic heating and ventilating products. Demand for the pro-ducts of its industrial heating and ventilating companies, both at home and abroad, and its engineering companies, continues

Trading profits rose to 52.61m Trading profits rose to £2.61m (£2.56m) and pre-tax profits were struck after interest payable of £334.000 (£307.000). Tax took £565,000 (£635,000, adjusted pro rata to annual provision), leaving profits of £1.71m (£1.62m). Extraordinary debits were £74,000 (£250,000). Earnings per share were \$12.000. were 3.1p (2.9p).

#### Coin Industries achieves £0.8m and sets targets

A BROADLY similar pre-tax result of £792,000 has been achieved at Coin Industries for the year to end-June 1985, against £776,000 previously. The result includes discontinued activities, however, which are estimated to have lost £50,000 during the year.

diste short-term objectives, which include marketing and development being directed development being directed ducts into new markets, and activities, however, which are estimated to have lost £50,000 during the year.

estimated to have lost 230,000 during the year.

The directors of this holding company, which is principally involved in making equipment for coin operated machines, are maintaining the dividend at 3.3p for the year, with a same-again 2.2p final. Net earnings are shown up from 3.69p to 3.91p ner 10p share. per 10p share.

The board is setting itself demanding medium term growth targets, Mr A. W. Houston, the chairman, says, which will be achieved organically and through conviction.

ecquisition. He has identified the imme-

bly methods and efficiency through a reduction in the dependency of vertical integration, and the introduction at Royton of a new quality programme to BS 5750 standards. Turnover for the year improved by £1.09m to £12.5m, generating Turnover for the year improved by £1.09m to £125m, generating an operating profit of £398,000 (£785,000). The pre-tax result was struck after net interest payable of £106,000 (£7.000). Extraordinary debits of £236,000 (credits £426,000) related to the reorganisation of certain manufacturing facilities and the closure of the lock division.

#### COMPANY NEWS IN BRIEF

G. T. JAPAN Investment Trust's pre-tax profits dropped from £844,739 to £646,328 for the year to June 30 1985. After tax of to June 30 1888. After tax of 2255,769 (£437,542) earnings per 25p share were 1.5p (1.56p) diluted or 1.51p (2.54p) undiluted. The dividend is unchanged at 1.4p net with a 1p final. Investment income

less interest payable of £0.42m (£0.62m) and management expenses £0.43m (£0.4m).

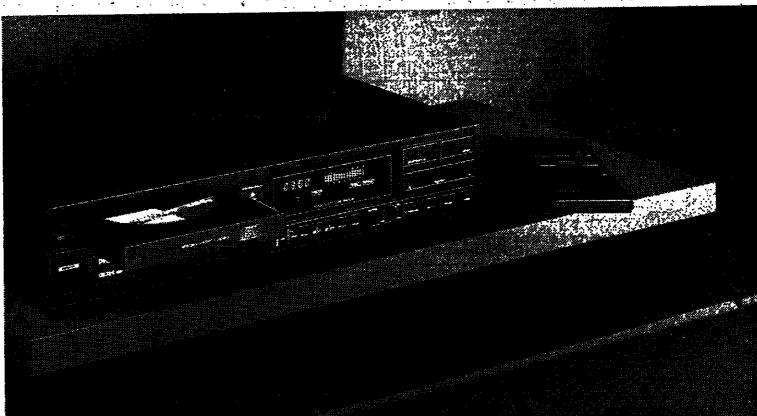
J. ROTHSCHILD (Holdings) has LOW & BONAR is selling its wholly-owned subsidiary Bonar Langley Alloys to Langley Holdings, a company formed by the subsidiary's present directors. The sale will raise £2.3m in cash.

Our Compact Disc system is a totally new experience in music reproduction. It's a Philips invention, universally acclaimed for its pure, perfect sound.

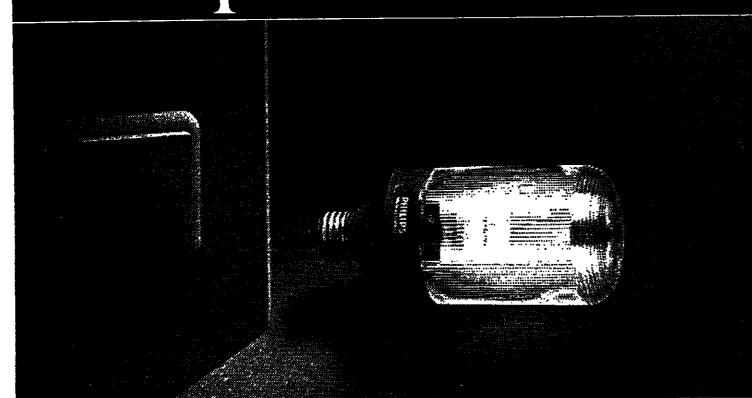
Behind that perfect sound is Philips' advanced laser-optical technology. A precisely focused beam of laser light 'reads' the digital information stored on the disc. Without any mechanical contact. That means the disc will never wear out, however often it is played.

Also, the music recorded on a Compact Disc is encapsulated under a hard, transparent layer. Protecting it against dust and everyday handling. So the sound that starts perfect, stays perfect.

Like the long-lasting Compact Disc, our SL-lamps also have an exceptionally long lifetime. Around 5000 hours, which is five times as long as incandescent lamps.



# Philips has sound ideas about light.



In addition, an 18 Watt SL-lamp provides just as much light as a 75 Watt incandescent bulb. A direct saving of 75 per cent in energy costs.

In other words, Philips SL-lamps are both energyefficient and cost-effective. So they're an innovation that saves more than it costs.

Both the Compact Disc and the SL-lamp are examples of our original research into innovative lighting and laser applications. Both are breakthroughs that prove the technology behind our name.

Philips. The sure sign of innovation.



£17m Underground project

The group's capital expendi-

EIS Group, industrial holding company, has lifted pre-tax profits by 30 per cent in the first six months of 1985. Group turnover improved by 50 per cent from £22.88m to £34.3m generating profits at the pre-tax level of £2.65m against £2.03m previously.

As long as there is no significant deterioration in the busines climate and no industrial disruption, Mr M. Q. Walters, the chairman, estimates that the results for the second-half profits in 1984 amounted to £2.17m.

Stated net earnings this time

created by the deferment of shortage and projects, credit shortage and currency fluctuations, he is encurations for most of them. Frietibos International, accounted in January 1985, has settled in well and improvement programmes for its companies are well underway.

EIS has continued its acquisition activities with the recent exchange of conditional contracts for the purchase of the electrical wire and cable machinery business of General Engineering Radcliffe.

The group's capital expenditure for the main factors restraining profits growth appear to be a serious projects, credit shortage and currency fluctuations, he is encuration and required in January 1985, has settled in well and improvement programmes for its companies are well underway.

EIS has continued its acquisition activities with the recent exchange of conditional contracts for the purchase of them.

Friday the company head it had won an £8m order to supply rotary dampers for the Army's new MCV 80 troop carrier with the main £8m order to supply rotary dampers for the Army's new MCV 80 troop carrier with them.

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Friday the company head it had won an £8m order to supply rotary dampers for t

## Capital Ventures BES fund

THE Meaning of liquid assets tenants of tied public houses to free house status.

No front end fee is charged take equity stakes in their ewn for subscriptions received by the the latest investment proposal to offer the tax incentives available under the Business Expansion

Capital Ventures, the Londonbased licensed securities dealer, is launching a BES fund to specialise in investing in public houses. The Capital Inn Fund, open until the end of next March, is looking for a minimum of £250,000 with no stated maxi-

freehold premises in partnership end of this month. A five per with the fund. A pilot investment cent charge will apply to submade in a pub in Herefordshire scriptions made between October in March has already seen its drink sales rise by 40 per cent under the new owners, says Capital Ventures.

Brewer Whitbread has agreed to assist the group to find suitable to assist the group to find suitable publicans and premises for putchase. Whithread will in most cases be the main supplier, though the outlets will keep their multiples of £500.

WINTRUST has received acceptwinth UST has received accept ances for 1.91m shares (87.37 per cent) in respect of its rights issue. The balance has been sold in the market for the benefit

LADBROKE INDEX

Turnover

Operating profit

Minority interests

Extraordinary items

Share of profits of principal related companies

Profit after tax and before extraordinary items

Profit attributable to Simon Engineering plc

Ordinary Dividend - interim 2.5p per share: equivalent

with imputed tax credit to 3.57p (1984 2.5p:3.57p) 1,541

The abridged profit and loss account for the year 1984 is an extract from the latest published accounts which have been delivered to the Registrar of Companies; the audit report on these accounts was unqualified.

Pre-tax profits at the half-year of £9.3m - the sharp fall in the level of oilfield

sector; unfavourable

Profit before tax and extraordinary items

Interest receivable less payable

Profit before extraordinary items

Earnings per ordinary share

before extraordinary items

after extraordinary items

compare with £8.8m last year.

Although these results are in excess of last year's they are below our expecta-

tions, as world trading conditions in cer-

tain of our business sectors are still not

reflecting the general economic recovery. Nonetheless, most of our

businesses have performed well and

we are especially pleased that the

results of Drake & Scull are much improved and more in line with our

expectations. Our finances and balance

There are three particular factors which

profitability below expectations:-

which has now been closed:

sheet remain strong.

STEWART & WIGHT, baker and STEWART & WIGHT, baker and property investor, lifted pre-tax profits from £50,836 to £73,017 in the year to March 31 1985. Turnover increased to £347,823 (£259,280). Net earnings per £1 share were ahead at 76.3p (64p), and the single final dividend is raised from 13p to 15p. Tax nearly doubled to £31,553 (£16,336). An extraordinary debit took £4,266 (credit £62,164).

FLEXTECH has invested £250,000 in Concept Systems, a Scottish company providing specialist bardware and software for data acquisition and measurement in the offshore oil

J. W. SPEAR & SONS reports taxable profits of £35,000, against £5,000, for the first six months of 1985 on turnover up from £2.73m to £3.23m. The directors of this games and toy manufacturer are confident of surpassing last year's profit outcome of

ASTBURY AND MADELEY (Heldings) has contracted for the sale of capital of Cinderford Engineering Company to Cahierown, the major shareholder of which is Mr William H. Phelps who is presently a director of made by Granville & Co.

**Interim Report** 

Six months ended 30 June 1985 (unaudited)

Six months 30 June

1985

264,671

7,601

9,320 6,524

(602)

5,922

(2,400)

3,522

Stated net earnings this time are ahead at 9.62p (8.14p), and the directors are increasing the interim dividend from 1.65p to 1.85p, both to reflect increased earnings and to reduce disparity. A total of 6p was paid in 1984 on profits of £2.2m.

The chairman says that all EIS companies are trading profitably, most in line with budget, and the order level is sufficient to achieve a satisfactory level of operation this year.

Although all the companies are having to overcome problems

Radcliffe.

The group's capital expenditure in a fine group's capital expenditure in a fine group's capital expenditure. The main factors restraining profits growth appear to be a series at a likely nor more CNC machine particularly on the process plant side, and the delay in bringing (5521,000), dividends of £356,000 (5318,000), and minorities last time taking £2,000, retained the start-up costs of introducing profits emerge at £1.47m is likely for the full year: after a 31 per cent tax charge, this puts the shares, up 5p at 215p yesterday, on an undemanding prospective plant side, and the delay in bringing (5521,000), dividends of £356,000 (5318,000), and minorities last time taking £2,000, retained at a high level are high level at high level at high level at high level are high level at high level at high level at high level are high level at high level at high level at high level are high level at high level at high level are high level are high level are high level are high level at high level are high level are high level are high level are high level at high level are h

scriptions made between October 1 and the end of December, rising to 7 per cent thereafter. A fee of up to 3 per cent will be charged for arranging the disposal of investments after the five years for which BES investors must keen their shares to

Following the award in June of an order worth £45m for the supply of ticket machines and computers, WESTINGHOUSE CURIC has won a follow-on contract from London Underground worth £17m to supply passenger control gates and station monitoring equipment. Westinghouse Cubic is jointly owned by Hawker Siddeley and Cubic Corporation, Work is being carried out in conjunction with the station modermisation programme announced recently by London Underground and forms the second phase of the underground ticketing system. Westinghouse Cubic will supply a total of \$58 automatic gates together with manual gates and station control units. The automatic gates will be installed in all central zone underground stations and will automatically check the validity of the tickets of all passengers entering and leaving the system.

of the tickets of all passengers entering and leaving the system. Special facilities will be provided for passengers with heavy or awkward luggage. British Shipbuilders' North Devon subsidiary APPLEDORE SHIPBUILDERS, has signed a contract with ARC Marine for a

contract with ARC Marine for a second suction dredger worth some £7m. The contract is for a 5,350 tonne dwt single-screw suction dredger to be used for the recovery of marine-dredged aggregate from the seabed, by means of a single overside pipe, capable of dredging to a depth of 45 metres. The dredger will discharge ashore by a twin drag discharge ashore by a twin drag scraper bucket system, working in conjunction with a series of conveyors, enabling the vessel to operate in various European ports. Control of the whole dredging operation will be cardredging operation will be carried out from the central console fitted in the bridge. A bow thrust unit will be provided to improve manoeverability during docking and undocking. The vessel, with a crew of 11, will have a length of 93 metres, breadth of 17.35 metres and a depth of 7.9 metres. metres and a nephro 1.35 metres, to add draft will be 6.25 metres, on a deadweight of 5,350 tonnes (gross tornage 3,500), and pro-pulsive power of 4,880 bhp will give a service speed of 12 knots.

SMITHS INDUSTRIES AERO-

and development contracts, worth around £3m, relating to the property of posed Sea Harrier Mid-Life Update programme which aims at converting the existing fleet of Royal Navy aircraft to the Sea Harrier FRS Mk 2 variant. The LEA contract involves a management information system to enable the Authority to entire the Authority to enable the Authority to entire the Authority to enable the Authority to enable the Authority to enable the Authority to entire the Authority to enable the Authority to entire the

a new missile control system (MCS) for the aircraft Consisting of a missile control panel and a missile interface and logic and a missile interface and logic unit, the MCS will provide (via a 1553B remote terminal) con-trol of all missiles. The design of the MCS is based on the Smiths Industries SGS-16 Series stores management system. The fourth development contract is fourth development contract is for the Digital Air Data Computer (DADC). The design is based on the concept of the Flexible Air Data System (FADS) which the company is also contracted to supply to the BAe Hawk 200/100 Series aircraft. The DADC will replace the existing SI ADC on the FRS Mk 1.

SULZER BROS (UK) has been awarded a £700,000 contract for installation of mechanical ser-vices at the General Hospital in St Helier, Jersey, Cl. The con-tract was awarded by Higgs and Hill Building who are the management contractors for the project. Work includes installa-tion and conversion of high tem-perature hot water boilers and a distribution network to serve a new ward block. A Honeywell building management system will building management system will be installed to control all the mechanical services installation in the hospital, together with associated wiring. Work is due for completion in October 1986.

A contract worth nearly £3m to design, supply and install low-pressure boiler feed-water heaters and associated equipment at Drax power station, North Yorkshire, has been awarded to WEIR WESTGARTH of Wokingham, Berkshire, by the Central Electricity Genera-tion Board. Six heaters are to be supplied, two each for the first three of the station's 660 Mw generating sets. The sub-contract for the manufacture of the heaters has been awarded to Weir Pumps of Glasgow after competitive tenders. Weir Westgarth is the specialist engineer-ing contracting company of the Glasgow-based Weir Group.

SONS has been awarded housing contract worth £1.25n housing contract worth £1.25m by Retirement Properties for the construction of 19 two-bedroom flats at 33. Durdham Park, Bristol, and the conversion of two existing buildings into 11 separate flats, two guest sultes and a communal area. The flats will be in two and three-storey blocks. Construction will be of load bearing blockwork with a rendered fluish, precast concrete floors, slate roofs and cast stone windows and door surrounds. The contract includes the installation of three passenger lifts and the construction of nine and the construction of nine SPACE & DEFENCE SYSTEMS IMI COMPUTING, the IBM integral garages. Work is chan been awarded four design computing services organisation, for completion in June 1986.

C.D. Bramall





MAIN DEALERS & DISTRIBUTORS

Half Year profit again increased Profit before cax Profit after tax
Extraordinary Item, net
Dividend per share, net

"The half year realised a very satisfactory profit, up by almost 33%. All companies within the original Bramall group performed The first two months of the second half year have produced good results and subject to no material changes in used car values, I anticipate that the last half of the year will produce a satisfactory

Full Interim Report available from the Secretary, C D. Bramall PLC, 146/148 Tong Street, Bradford BD4 9PR

#### Granville & Co. Limited Member of The National Association of Security Dealers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

							P/t	
					Gross.		-	Fully
High	Low	Company	Price	Change	div.(p	) %	Actual	taxed
146	123	Ass. Brit. Ind. Ord	132	_	6.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS	138	_	10.0	7.2		_
77	43	Airsprung Group	55	_	6.4	11.6	3.2	12.0
42	26	Armitage and Rhodes	42x0	1 +1	4.3	10.2	5.2	6.3
159	108	Bardon Hill	154	_	4.0	2.6	19.5	20.3
64	42	Bray Technologies	<b>82</b>	-1	3.9	6.3	7.6	8.7
201	157	CCL Ordinary	157	-1	12.0	7.8	3.8	3.7
152	104	CCL 11pc Conv. Pf	104	=	15.7	15.1		_
130	10	Carborundum Ord	121		4.9	4.0	6.0	9.4
90	83	Carborundum 7.5pc Pf.	90	_	10.7	11.9		
73	48	Deborah Services	52	_	7.0	13.4	5.4	7.1
487	182	Frank Horsell	481	_	1.4	0.3	11.3	15.3
390	170	Frank Horsell Pr.Ord.87	390	_	11.9	3.1	9.2	12.4
32	23	Frederick Parker	23	_	_	_		
83	33	George Blair	82				3.3	6.1
50	20	Ind. Precision Castings	25	. –	2.7	10.8	6.8	7.4
218	177	Isis Group	185×0		15.0	8.1	14.2	21.3
124	101	Jackson Group	105	+1	6.5	5.2	7.0	70
285	213	Jemes Burrough	230	_	15.0	6.5	7.3	7.3
94	83	James Burrough SpcPf.	92	Ξ	12.9	14.0		
95	71	John Howard and Co.	85	=	5.0	5.9	6.7	10.6
225	100	Lingusphone Ord	185	_	45.5	45-	6.8	7.1
100	97	Linguaphona 10.5pc Pt.	91	=	150	16.5		
650	300	Minihouse Holding NV	570	_	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	84	-1	_	_	10.9	24 Q
60	28	Scruttons "A"	31	-				7.9
92	61	Torday and Carilale	-73	-1	5.D	6.B	3.7	6.7
444	325	Trevien Holdings	325	_	4.3	2.3	18.5	18.2
34	17	Unilock Holdings	33xc		2.1	5.4	9.0	8.8
113	81	Walter Alexander		-	8.6	7.7	6.2	7.6
247	195	W. S. Yeates	200		17.4	8.7	5.7	9.8

#### COMPANY NEWS IN BRIEF

turnover.

PIFCO HOLDINGS has acquired rifico muldinas has acquired International Salton Holdings N.V. for £1.48m cash. International Salton's net assets as at February 28 1985, were £455,000, while attributable pre-tax loss—excluding extraordinary items—

**Ireland** U.S. \$300,600,000 Floating Rate Notes Due September 1999 For the six mouths 16th September 1985 to 17th March, 1986 the Note will carry an interest rate of 8152% per annum with a coupon smount of 1.S.\$451.84 per U.S.\$10,000 Note and 1.S.\$4518.40 per U.S.\$100,000 Note hers Trust Company, London

Fiscal Agent

1,906-1,010 (+4) Based on FT Index Tel: 01-437 4411

for the year to end February, Cinderford. The total considera-1985, was £196,000 on £12.69m tion is £200,000. Astbury has tion is £200,000. Astbury has also contracted for the purchase from Lloyds Bank of the free hold interest in the property known as Units A-H, Kelvin Industrial Estate, Greenford, Middlesex, for a total considera-tion of £1.53m cash.

INVERGORDON DISTILLERS (Holdings) increased pre-tax profits from £1.84m to £2.01m in the first half of 1985. Turnover was £12.8m (£12.37m), generating trading profits of £2.22m (£2.01m) wes £12.5m (£12.51m), gentaening trading profit of £2.22m (£2.01m). Stated net earnings were 5.94p (5.74p), and the interim dividend is held at 1.5p. Interest took £214,000 (£179,000), and tax £852,000 (£715,000). Performance for the current year to date is in for the current year to date is in line with expectations.

DEBORAH SERVICES, scaffold ing contractor, has improved pre-tax profits in the year to March 31 1985 to £1.03m against £1.01m, on turnover down from £32.5m to £29m. Losses in the painting division have been eliminated and the company looks to 1986 with confidence. Stated net earnings rose to 9.57p (8.24p) and the final dividend is lifted to

Six months

£000

7,377

1,558

8,810

6,313

5,472

5,472

9.5p

9.5p

exploration in the USA which has

delayed the expected growth in that

exchange rates and their impact both

upon the conversion of our substan-

tial overseas earnings and the com-

However, with most Group companies

continuing to perform well and assuming no further significant deter-

oration in trading conditions in Nigeria,

we believe the outcome for the full year

petitiveness of our exports.

will be similar to that of last year.

movements

(841)

30 June 31 December

1984

£000 520,857

(87)

23,243

2.467

25,623

18,360

(2,491)

15,869

(1,105)

14,764

25.7p

#### **Extracts from the Chairman's Statements**



## Blyvooruitzicht Gold Mining Company, Limited **Harmony Gold Mining Company Limited**

I anticipate a moderate improvement in gold prices in dollar terms over the next year, although this trend may be muted on a rand per kilogram basis by a possible strengthening of the S.A. currency. Political events will, however, have a major bearing on the value of the rand - C. G. Knobbs.

In the year shead, macro economic conditions particularly in the U.S. will be crucial to generating investor interest in gold and other precious metals. Unless progress is made in reducing the U.S. budget deficit, the Administration will be forced to maintain the present levels of monetary growth in order to re-invigorate the depressed manufacturing sector and prevent recession. The consequence of such a policy will be manifested in higher inflation and a weaker dollar. The outlook for other commodities, in particular oil, may cut two ways with regard to the price of gold; on the one hand depressing commodities, while on the other, engendering fears of possible insolvencies among Third World countries and U.S. banking institutions. Together, these factors should contribute to improved investor interest in gold, and I anticipate a moderate improvement in gold prices in dollar terms over the next year. although this trend may be muted on a rand per kilogram basis by a possible strengthen the S.A. currency. Political events will, however, have a major bearing on the value of the rand.

Personnel management and industrial relations

The imminent removal of the "scheduled person" will do much to reduce black tension over lack of promotion opportunities. The replacement of the term "scheduled person" by a non-racial "competent person" definition in the Mines and Works Act will open the way for the appointment of the most able person for the job, regardless of race. The Minister of Mineral and Energy Affairs has announced that "scheduled person" will disappear from the Act during the next Parliamentary session and employers and employees must agree on the new definition of the substituted "competent person". In addition both parties must also agree on security of employment arrangements to protect white workers from indiscriminate and unfair replacement by blacks. The means of monitoring and enforcing these agreements must also be determined by both parties.

#### Blyvooruitzicht Gold Mining Company, Limited

	1501	A MARCIN TO GATING.	.0
	1985	1984	Change
OPERATING RESULTS			
Tons mulled	2 210 000	2304000	- 4
Gold; produced - kilograms	14 452	16 583	- 13
yield - grams per ton milled	6,54	. 7,20	- 9
Uranium; slime treated tons	689 000	1 950 000	65
oxide produced – kilograms	104 298	267 669	. – 61
yield – kdograms per ton of stime treated	0,151	0,137	+ 10
Working revenue: gold per ton milled	R117,78	R109.06	.+ 8
Working expenditure: gold - perion milled	R72,50	R61,13	+ 19
Working profit: gold – per ton milled	R45,28	R47,93	6
GOLD PRICED RECEIVED			
Rand per kilogram	18012	15 152	+19
FINANCIAL RESULTS	R000's	R000's	
Working revenue-gold	260 295	251 275	
Working expenditure - gold	150.227	<u>140 839</u>	
Working profit – gold	100 068	110436	
Working profit - uranium	19843	8249	
Total working profit	119911	118 685	
Interest received	12 134	9 386	
Profit before taxation and State's share of profits	132 045	128 071	
Taxation and State's share of profits	74 909	66 521	
Profit after texation and State's share of profits	57 136	61 550	
Appropriations for net expenditure on mining essets	20 271	21 128	
	36 865	40 422	
Profit after appropriations for capital expenditure Dividends	43 200	42 000	•
(Deficit) before general reserve transfers	(6 335) 2 775	(1 578) 1 303	
Transfers from general reserve	9823	10098	
Retained profit brought torward			
Retained profit at 30 June	6 263	<u>9823</u>	

#### Personnel management and industrial relations

In the area of training, industrial relations has enjoyed a high priority. A large number of white employees in supervisory and management positions have been trained in aspects of industrial relations, and training will be intensified in the year ahead. Since aspects of industrial relations, and training will be intensined in the year anead. Since the removal of statutory job discrimination in the form of Job Reservation Determination Number 27, a number of black employees have advanced to traditionally "white" skilled positions. Further attention will be paid to black advancement through the mine's participation in the Rand Mines Equal Opportunity Programme. This is a highly structured programme to help bring young blacks up to the same educational standard as their white counterparts.

Production costs Once again the weak rand was a source of serious concern in respect of inflation and costs of production, and management is making every endeavour to contain cost increases to below the inflation rate. The disappointing drop in tonnage milled contributed to the high unit cost (ncrease.

additional gold should be produced when compared with this year. Capital expenditure for the year ending 30 June 1986 is expected to rise to about R19,5 million. The largest portion will be expended on Main Reef development, and the other major items of expenditure will be the re-siting of the 6 level, 2 shaft pumps and settlers at 7 level, A2 shaft, on mining equipment and hydraulic props and

Tonnage milled is expected to improve in the new year to 2,3 million with the result that

I believe that the total dividend for the year ahead will be increased above the current level of 180 cents per share, assuming an average gold price of R21 800 per kilogram can be achieved.

#### Harmony Gold Mining Company Limited

<del></del>	Yeare	ended 30 June	%
	1985	1984	Change
OPERATING RESULTS			
Ore milled - toos	8312000	7 667 000	+ B,4
Gold; produced—kilograms	33 881	31 451	÷ 7,
yield grams per ton milled	4,08	4,10	~ 0.:
Uranium: stime treated - tons	5 59\$ 000	6 650 000	<b>~</b> 15.
yield – kilograms per ton of slime treated	0,082	0.083	<b>−</b> `1,
Pyrite: concentrate recovered - tons -	103.386	107614	~ 3,
Sulphunc acid: produced - tons	94 446	135 963	-30.
Total reversue per ton milled	R80,33	R68,27	+17,
Total cost per ton milled	R54,01	R50,80	+ 6,
Working profit per ton milled	R26,32	R17,47	<u>+</u> 50.
GOLD PRICE RECEIVED			
Rands per kalogram*	18 557 -	15108	+22,
FINANCIAL RESULTS	R'000	R 000	
Total revenue	667 725	<u>523,431</u>	
Gold, silver and osmiridium	628 733	475 158	
Uranium, pynte and sulphuric acid	38 992	48 273	
Costs	449 204	388716	
Working profit	218 521	134715	
Interest received	25 419	14 284	
Profit before texation and State's share of profits	243 940	148 999	
Taxation and State's share of profit	93 925	46 969	
Profit after texation and State's share of profit	150 014	102 030	
Appropriations for net expenditure on mining assets	80 245	47 254	
	69 769	54 776	
Profit after taxation and appropriations Dividends	64 523	63 179	
	5246	(8 403)	
Surplus (deficit) before general reserve transfers	5245 90	(6403) 442	
Transfers from general reserve			-
Ratalned surplus (deficit) for the year	5 3 3 6	(7.961)	

Dividends - Cents per share

Looking ahead. I do not anticipate any major upward uranium price correction, although the potential for some gradual improvement does now seem to prevail. Moreover, the potential for further downward movement in prices has abated.

Based on current projections for mines in production, under construction, and on the drawing boards, the market should return to balance by the end of the decade and unless any new major sources of supply are discovered, should allow positive price appreciation after allowing for inflation.

industrial relations and personnel management

Access to the mine for recruiting purposes was granted to the National Union of Mine Workers (NUM) on 13 June 1985. Management on the mine continue to give top priority to internal industrial relation systems as a whole. The consultative council system tor black employees is functioning effectively and industrial relations training for junior supervisors is progressing well. In all 280 supervisors have attended training this year. This will intensify in the year ahead.

#### Outlook for 1985/86

The tonnage to be milled in the year ahead is expected to be maintained at present levels. The grade could decrease slightly due to increased Leader Reef mining in the Harmony section. New working faces on Leader and "A" reef will be established over the next 18 months to provide the additional tornage for treatment in the new Harmony No. 4 gold plant. This preparation will involve costs which, during the 1985/86 financial year will make no contribution to production results, but are essential to achieve the planned build-up of production.

Planned capital expenditure for the year ahead will total R130,6 million. The bulk of this money will be expended on the numerous activities directed towards increasing the total tonnage milled on the mine.

I believe that the total dividend for the year ahead may be increased above the current level of 240 cents per share, assuming an average gold price of R21 800 per kilogram...

The annual financial statements and chairman's statements may be obtained from Rand Registrars Limited, 49 Jorissen Street, Braamfontein, 2001. Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL,

Harry Harrison, CBE, Chairman

have combined to reduce our current Simon Engineering plc Cheadle Heath, Stockport, the decline in margins in our grain terminals construction business. Cheshire, SK30RT

#### THE MANAGEMENT PAGE: Small Business

Political climate

## 'Best ever opportunity'

NOW THAT the dust has set-tled after the recent Cabinet reshuffle, small business lobby groups are surveying the changes and beginning to realise that they cannot believe their luck.

At first sight, the cards could not have been dealt more in their favour. "The lobbyists have now got the best opportunity they ever had," says Bill.
Poeton, president of the Union
of Independent Companies.
"Until recently, the Conservative Party just willed the small business sector to grow. Now they have willed the means to provide that growth," he adds.

Lord Young is without doubt the ace in the small business sector's hand. Following his elevation from Minister Without Portfolio to Employment Secre-tary, he has been heard in private to refer fondly to his new department as the department for small firms. His appointment should dispel many lobby groups earlier anxieties that he acked the political clout or administrative equipment to push through some of his more radical plans for cutting the red tape which the Government fears is choking the sector's

"The appointment of Lord Young after only one year in abinet Office proves that the Government is now prepared to recognise the role that small business has to play in job creation," says the Forum of Private Business.

John MacGregor's promotion from Agriculture Minister to cretary to the Treasury brings a former small business - with a presumably sympathetic attitude to the entrepreneur's cause — to a department with more influence than most on small firms, on deregulation for the past MacGregor's appointment could year — gives him control of an also bode well for the future annual budget of £1.6bn. That of the siling Loan Guarantee Scheme, a much-criticised— Scheme, a much-criticised— in a year by the whole of the though effective — measure Department of Trade and which he was responsible for Industry, Trippier's former introducing in 1991

introducing in 1981. Meanwhile, the arrival of Kenneth Clarke, former Health Minister, at the Department of ensures a strong and senior ally for David Trippier, who rewho was once Clarke's parliamentary private secretary.

David Trippler: "Small firms are ones to make a dent in

All this can only indicate that the interests of small businesses will now achieve a greater prominence in Whitehall than ever before. As Trippier puts it: "It is vitally important that we make a dent in unemploy-ment — and small firms are the ones that are going to do it." Given the Government's high

-some believe over-optimistic - expectations for small firms' job creating potential, to what extent will the reshuffle bring practical changes or prove to be merely cosmetic?

Trippier, the small businessman's first contact in Government, has seen his influence and spending power consider-ably enlarged. His move to the Department of Employment under Lord Young—with whom he has been working closely compares with the £1.3bn spent

A large part of his new budget is swallowed up by the Manpower Services Commis-Employment as Paymaster sion's training schemes, of General and employment which Trippier takes charge. He spokesman in the Commons will not be seeking to enlarge his spending allocation, though it is possible that he will be

more likely that the Govern-ment will take a greater pumppriming role in financing Britain's 295 registered enter-prise agencies, the private and public sector partnerships which offer advice and assistance to small businesses. It is no secret that the agencies are dear to Trippier's heart; indeed he was involved in establishing e in his constituency o Rossendale.

He also brings with him from the DTI the 450 staff of the central Small Firms' Division and the Small Firms' Service, which provides free counselling for small business managers through 12 regional centres. On top of that, he takes responsi sector with a £100n annual turn-over dominated by small businesses — enterprise, de-regulation, and the Enterprise Allowance Scheme.

The EAS, which provides a \$40 per week grant for un-employed people starting their own business ventures, makes a ogical fit with the Small Firm Service and with the MSC's graduate training programme, argues Trippier. Part of his new job will be to ensure closer co-ordination between the Government's training grammes and small busines support measures. Trippier is considering, for instance, ways to encourage more small busi-ness proprietors to take on Youth Training Scheme

One of Trippier's recent tasks at the DTI was to reorganise 64 industrial assistance scheme into four easy-to-understand packages. Employment regula-tions and incentive schemes are still confusingly presented for many entrepreneurs, and i seems likely that Trippier will seek to give them the same "repackaging" treatment.

Trippier will also be working closely with Lord Young in pre-paring a second White Paper on deregulation, which will be presented early next year and cover areas missed out of Lord Young's July paper, Lifting the

In the longer-term, Trippier has set himself an ambitiou personal target. "My aim ir life," he says, "is to try to ge' looking for ways to share it out the 25 per cent of the UK work differently.

That means that it now looks small firms up to 50 per cent."

#### In brief...

WORLD TRADE Intelligence. a recently formed publishing venture, is to launch this month the first three in a series of annual country-bycountry guides for exporters.

The 250-page books cover exporting to West Germany, the Netherlands and France, the UK's biggest European markets. WTI plans to issue guides to another 20 overseas markets in the next three years. Compiled by Jim Hogan, a former British Overseas Trade Board official, the guides include details of important buyers, agents, distributors and wholesalers in each country, with named contacts, addresses, telephone and telex numbers and the products they want to handle.

They cost £24.50 plus £1.50 post and packaging each and are available from WII at 149 Tabernacie Street, London EC2A 4QJ. Telephone 01-608 1181.

A SERIES of small seminars to help small businessmen and their advisers avoid falling foul of the recently toughened up VAT regulations is to be held by the Institute of Chartered Institute Chartered Accountants in England and

one and a half-hour early evening sessions cover the requirements for VAT records, the role and function of a visit by a VAT officer, the grounds for appeal against an assessment and the formali-ties to be observed. Participants will also be shown a video produced by the Insti-tute, depicting the fate of a small garage owner when VAT officers discover discrepancies in his accounts.

Seminars will be held at 59 locations in England and 59 locations in England and Wales throughout October. Tickets cost £37.95 (including VAT) and can be obtained from Beverley Barnes, The ICAEW, 399 Silbury Boulevard, Central Milton Keynes, MK9 2HL. Telephone 6993

A NEW FACE appears tomorrow at the helm of National Westminster Bank's

Andrew Lord, 43, takes over as manager from Neel Dear-ing, who launched the section in January 1982 and whose forthright views have made him well-known in small also 43, has been promoted to manager of the bank's Ash-ford, Kent, branch. "It's a case of now practising what you preach. I'm getting back

to the sharp end," says Dearing.
Lord has an appropriate background for his new post, having spent two years as a manager in the bank's industrial unit, where his jeb was to conduct spot investigations of small and medium sized

companies in trouble and

advise them how to pull their

socks up.

Poor management informa-tion was the most frequent cause of disaster, says Lord. "Too many people think that so long as they are busy, they must be making profits," he adds. For that reason, he will be carrying on Dearing's stannch opposition to government proposals to release small firms from the need to submit annual audits.

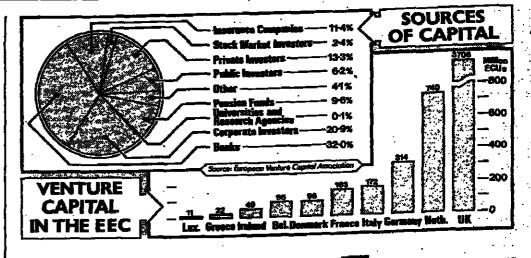
BRITISH Telecom has introduced a telephone call logger designed primarily for small businesses which need to onitor and control telephone

The Sherwood Plus is aimed in particular at professional practices like accountants, solicitors or management consultants, who need to keep tabs on bills and apportion telephone costs to particular customers. The machine provides a printed record and electronic display of the time a call is made, its length, cost and the number dialled. It costs £199 from BT Area Sales Offices and Imphone stockists.

APPLICATIONS must be received by the end of October for a £10,000 marketing competition sponsored by Fidelity Colour Printers the Essex-based printing and marketing services group. The scheme, run in associa-tion with the Department of Trade and Industry, is open to individuals and companies with less than 200 employees and sales of up to £2m. Applicants are asked to sub-mit a plan indicating how marketing services would be used to achieve business

The winner, to be aumounced early next year, will receive £10,000 worth of marketing services—including design, public relations, con-sultancy and printing—from Fidelity. Two runners up each get £1,000 worth of

Entry forms can be obtained from any of the DTI's Small Firms' Centres, from Mulberry Marketing Consultants on 079 721 223 or from Fidelity on 6268 419191.



## Venturing into Europe William Dawkins reports that a survey on venture capital has

disclosed real evidence of a dearth of investment opportunity THE SHORTAGE of young into perspective, European market available to venture-companies good enough to countries had made an average attract risk investment has been of 0.19 per cent of their gross widely because the companies.

Not surprisingly, banks come of 0.19 per cent of their gross domestic products available for venture finance last year, less widely bemoaned by venture apitalists throughout Europe. Concrete evidence of just how thin on the ground they are emerged this week in the

form of the final version of the European Venture Capital Association's long-awaited survey of venture investment in the The study, the most detailed ever of European venture capital, is to be formally published in November by the European Commission. It covers

190 investment groups across the community, representing combined funds of Ecu 5.4bn (£3.3bn). "Whilst these funds are nominally available for venture capital throughout Europe, the general lack of sufficient good quality projects or young companies requesting investment dictates that a large proportion of the funds will be channelled into mature

channelled into mature companies requiring develop-ment capital," says accountants Pest, Marwick, Mitchell, which carried out the study. Peat Marwick actually identified 284 European venture capital groups, of which just over two-thirds responded to the questionnaire. Its educated guess, therefore, is that the total amount available to back young companies in Europe is more than Ecu 7bn (£4.3bn), of which Peat Marwick believes

than half of the U.S. proportion, 0.41 per cent. That, however, encompasses a wide range, from a surprising 0.69 per cent of GDP in Britain to a mere 0.03 per cent in France.

Both the association and the a cor commission have for long been worried that small European companies find it harder to grow than their U.S. countergrow than their U.S. counterparts because of the considerable national and trade barriers they face. For this reason, they are considering ways to encourage cross-border syndications of the considering ways to encourage cross-border syndications. financings. This, argues the survey, would help small businesses cross national trade

harriers and attack European-Syndication is increasingly common in Europe as venture capital investors become more aware of the value of spreading their risks, but "the tendency is still to conclude arrangements with

national partners," says the It points out that Ecu 1.5bn was invested by European venture capitalists in the four years to 1984—representing 2,000 transactions—of which Ecu 821m was syndicated in 808 deals. Just over 10 per cent by value of those syndi-cated deals were made with foreign partners, the survey

out as the most important venture capital investors in Europe, representing 32 per cent of the total, followed by corporate investors with 21 per cent, private investors with 13 per cent, and pension funds and insurance companies with

nbined 21 per cent a componed 21 per cent.
There are marked national
deviations from the European
average. Belgian banks, for
instance, are forbidden by law.

In the Netherlands, Government-backed MIP Equity Fund together with publicly funded regional development associations provide 24 per cent of the nation's venture capital and are in fierce competition with independent funds. In the UK, 3i—owned by the major clearing banks and the Bank of England—accounts for about half of the £2,3bn supply of venture capital

A breakdown of the industrial sectors to have received risk investment suggests that even if entrepreneurs of the right quality are hard to find, venture capitalists are still able to put their money into companies operating at the forefront of

Computers and related products account for 19 per cent of European venture capital investment, followed by equip-

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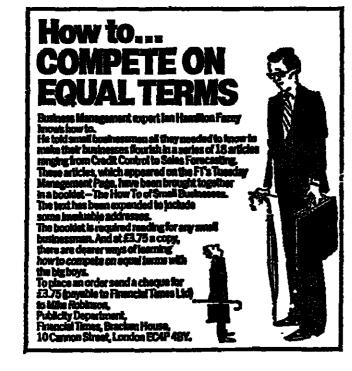
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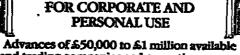
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able to generate substantial cash flows via Switzerland with small operating expenses are looking for private and/or institutional partners with finance to create a company for further developments Please reply by letter only to: SOCOPRA S.A.

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For further details contact Tim Flanagan or Maurice Moses at the address below or on Tel: 01-236 6500 (Telex 89+9-11).

**Haskins+Sells** P.Q. Box 207, 128 Queen Victoria Street, London EC4P 4JX

#### **Lead Crystal Glass** Manufacturer

Stourbridge, West Midlands

The receivers offer for sale, as a going concern, the assets and business of this company, which manufactures full-lead crystal products, hand blown and decorated.

\* freehold premises on a site of about 2.2 acres **∗**70 employees

\*turnover approximately £800,000

For further details contact the Joint Receiver:-Roger Dickens Peat, Marwick, Mitchell & Co. 45 Church Street

Birmingham B32DL Tel: 021-233 1666. Telex: 337774

PEAT MARWICK

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\* Computer distribution organisation for Acorn computers together with peripherals and software. \* Freehold warehouse and office premises.

\* Motor vehicles, equipment and other assets. All enquiries to John Talbot or Nigel Aspdin:

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tic House, Mount Stuart Square, Cardiff CF1 6QS Telephone 0222 481111 Telex 498473

Full details from Chairman Box H0209, Financial Times



CITY RECRUITMENT

Due to the re-organisation of their business interests, the Directors of a well known and established banking specialist agency are interested in disposing of an autonomous division of the company. It would be of interest to either an existing recruitment company wishing to expand their interests in the City, or a consultant who wishes to become independent.

CONTRACTING COMPANY FOR SALE OR INVESTMENT Located near Glasgow. Scotland with excellent potential. Requires finance to purchase additional equipment. Management expertise welcome. Associated Company in N.W. England.

**Contracts and Tenders** 

REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES (National Dil Exploitation Company)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS
NUMBER 9144 AY/MEC

Call for Tenders for the supply of the following:

Lot No. 1 — Independent 1,000 hp pumping unit comprising a 1,100 hp CAT D 399

Lot No. 2 — Siemens alternator Type IFCA-354 4FE 45 — quantity: 2.

Lot No. 3 — Caterpillar D. 379 500 kVA 60 Hz generator set — quantity: 4.

Tenderers interested in this Call for Tenders may obtain the specifications from the

ments (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secrétariat de la Direction des Approvisionnements (Secretariat, Supplies Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading. The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL A LA CONCURRENCE OUVERT NATIONAL ET and should read: "AVIS D'APPEL A LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 9166 AY/MEC—CONFIDENTIEL—A NE PAS OUVRIR "(National INTERNATIONAL No. 9166 AY/MEC—Confidential—Do Not Open), and international Open Call for Tenders No. 9166 AY/MEC—Confidential—Do Not Open). Tenders must be received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRA TIQUE

ET POPULAIRE

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUE (Ministry for Energy & Chemical & Petrochemical Industries)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

Lot - KHD power pack for skid with Deutz Type B.A. 12 M 816 motor -

NUMBER 9148 AY/MEC ENTREPRISE NATIONALE DES TRAYAUX AUX PUITS (National Oil Exploitation Company)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH
ALGIERS, ALGERIA

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e National Oil Exploitation Company is launching a National and International Open

#### **Euro-Fasteners Limited** and Calfast Limited

(Both in Receivership)

Business for Sale as a Going Concern
The nail manufacturing business carried on by
the above companies from leased premises in
Glenrothes, Fife, Scotland, is offered for sale. The assets for sale include nail manufacturing and collating plant, equipment and stock. The turnover in 1984 amounted to approximately £1.6m.

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FOR SALE

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ENGINEERING COMPANY FOR SALE In West Midlands manufacturing special coding and apecial purpose machine tools. T/O 1984/5 £250,000: 85/6 £350,000 budgetad. Prohtable with good return on capital. Requires relocating. Write Box H0213, Financial Times. 10 Cannon Street, London £C4P 48Y

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We would like to hear from owners of toiletry or related companies, with sales of £1 million to £10 million.

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Write Box H0207, Financial Times, 10 Cannon Street, London EC4P 4BY

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Preferably South Birmingham
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Please reply Box H0194 nancial Times, 10 Cannon St London EC4P 4BY

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London and Home Counties Building Services Contracting Company wishes to expand into the AC/Ges/ Oil Servicing and Maintenance field by acquisition. Good capital and management resources available. Write Box H0205, Financial Times 10 Cannon Street, London EC4P 48Y

TIMBER PRODUCTS GROUP

Seeks acquisitions to complement existing varied range of activities. Turnover required is in excess of £2m.

Please contact the Chairman Box H0202, Financial Times 10 Cannon Street, London EC4P 48Y

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business we wish to acquire a going concern dealing in toiletries, household goods and pharmaceuticals etc, with a turnover presently exceeding £1,000,000. Import/Export potential an advantage. If you have the right business

and wish to sell, please rapy to: Box H0214, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESSES WANTED

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A major public company which has successfully divertified now wishes to per the period of the per

> WANTED-MARINA/BOATYARD

We are seeking to purchase an existing boatbuilder, repair yard or marina situated on the South Coast preferably in or around the Solent area. Replies in confidence to Box H0215, Financial Times, 10 Cannon Street, Landon EC4P 48Y

**BUSINESS WANTED** 

Going concern manufacturing engineering, trading. Gweer may/ may not stay on. Proximity to Greeter London preferred but not necessary. Total investment 2200,000. Write Box H0211, Financial Times, 10 Cannon Street, London EC4P 4BY

Tenderers interested in this Call for Tenders may obtain the specifications from the following address: ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP) 16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH ALGIERS. ALGERIA

Direction des Approvisionnements (Supplies Division) for the amount of 400 Algerian Dinars, with effect from the date on which this notice

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secretariat de la Direction des Approvisionne-ments (Secretariat, Supplies Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL A LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 9168 AY/MEC—CONFIDENTIEL—A NE PAS OUVRIR" (National and International Open Cali for Tenders No. 9168 AY/MEC—Confidential—Do Not Open). Tenders must be received within 45 days after this notice is published. Tenderers shall be bound to their offers for a period of 180 days after the closing date

**Company Notices** 



Following the DIVIDEND DECLARATION by the Company on 11 July 1985, NOTICE is now given that the following DISTRIBUTION will become payable on or after 17 September

Gross Distribution per Unit Less 15% U.S.A. Withholding Tax 3.00 cents 0.450 cents

2.550 cents £0.018411552 Converted at \$1.385 = 50.018411552
Claims should be lodged with the DEPOSITARY: National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2, on special forms obtainable from that

Office.
United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.
All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

DATE 10 September 1985

Notice to Holders of THE NOMURA SECURITIES CO., LTD.

Warrants to subscribe shares of Common Stock of o Nomura Securities Co., Ltd. issued in conjunction with an issue of US\$100,000,000 64 per cent Notes due 1988 Pursuant to Clause 3 of the Instrument dated 7th November, 1983, under which the above Warrants were issued, notice is hereby given as follows:

1. On 12th September, 1985 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of 30th September, 1985 in Japan 2t the rate of 000 new share for record.

ber, 1985 in Japan, at the rate of 0.02 new share for each

share held.

2. Accordingly, the subscription price of the Warrants will be adjusted effective immediately after such record date. The subscription price in effect prior to such adjustment is Yen712.70 per share of Common Stock, and the adjusted subscription price is Yen688.70 per share of Common Stock. THE NOMURA SECURITIES CO., LTD. By: The Toyo Trust and Banking Co., Ltd. as Principal Paying Agent

Dated 17th September, 1985

Art Galleries

Clubs

ENTE NAZIONALE PER L'ENERGIA **ELETTRICA(ENEL)** S U.S 300,000,000 FLOATING RATE NOTES DUE 2000 **GUARANTEED BY** THE REPUBLIC OF ITALY

For the six months, September 3, 1985 to March 2, 1986, the rate of interest has been fixed :: at 8 3/8 % P.A.

The interest due on March 3, 1986 against coupon nr 2 will be U.S. 421,08 and has been computed on the actual number of days elapsed (181) divided by 360.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE 15, Avenue Emile Reuter

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t of U.S.\$4,000,000 have best.
in the prosence of a Mossorfor redemption on October 18, 1985.
The following Bonds will be reis demandle coupon due April 18, 1886 and fellowing abtached 26240 to 30239 incl.
Amount outstanding: U.S. 325,000,000, Laxembourg
September 12, 1985.
THE FISCAL AGENT REGISTRANK
S. A. LUXEMBOURGEOISE

THE LONG-TERM CREDIT BANK Of JAPAN, LTD. London Branch.

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# F.T. CROSSWORD PUZZLE No. 5,823

- ACROSS 1 Its lead decreases and it often draws (6)
  4 Science-fiction writer about whom divinity gave a ruling
- 9 Cromwell and Goldsmith who could ask for more? (6) 10 Fatherly friend swallows a tear (8)
  12 One who talks one round to composing some music (8)
  13 For him to laze is unusual
- (6)
  15 Lift and cut (4)
  16 Kind of gamble is without point (7)
  20 It is a blemish on the most radiant of faces (34)
  21 Sling one's hook if turned to silence? (4)
- silence? (4) 25 A learner gets many grants
- 26 It suffers periodic reversals in the kitchen (3-5) 28 Interview everybody in the theatre (8)
- 29 Equip a girl for Naval war service (6) 30 Introduce girl to mysterious rite with incense (8) \$1 Rob and possibly hit a girl
- DOWN 1 Dab discovered far below the surface (8) 2 In use, can turn into a 3 Refrigerator that's U.S.? (3-3)

FINANCIAL TIMES **BIRMINGHAM &** WEST MIDLANDS SURVEY WEDNESDAY **OCTOBER 2 1985** For further details contact

ANTHONY HAYES

021-454 0922 Telex 338650

5 Like a rugby ball used by cricketers (4) 6 and 14 down: Sober geezer once till the spirits moved

him (8, 7) 7 Growing anger? (6) 8 Get rid of an obstruction in the river (6) Arrange to get rid of (7)

14 See 6 down.

17 Not quite free to give the result of the division (see 18 A fruit that won't give a fixed delivery time? (4, 4) nxed delivery time? (4, 4)
19 Curtailed a long time period
of deficiency (8)
22 Where in Africa one supports the law to some degree

23 One powerless to fly (6) 24 It makes clothes hard to wear (6)
27 Short way round company tax (4)
Solution to Puzzle No. 5,822



Financial Times URBAN RENEWAL SURVEY

Tuesday October 8, 1985 For jurther details contact: ANDREW WOOD Telex 885033

**APPOINTMENTS** 

The ALLJED DUNBAR GROUP

also steps down as a director of Allied Dunbar Assurance. He remains a non-executive director of Allied Dunbar Unit Trusts and a member of th investment

committee. '

## Finance director at Coats Patons

McAdam will become finance director of COATS PATONS in succession to Mr Charles P. Wallace, who is to retire. He will also become chairman of Jaeger Holdings on the retiral of Mr George A. Young at the end of 1985. Mr McAdam will retain his present responsibilities as managing director, garments division. Mr John M. Houston will become group financial controller on January 1. mr C. John Crowe has joined the board of GATEWAY BUILD.

ING SOCIETY. Mr Crowe is retired after a career with ICI, where his last appointment was as treasurer and chief financial officer.

SAMUELSON GROUP has made the following board appointments: Mr Michael Samuelson, previously managing director, has been appointed deputy chairman. Mr Jonathan Samuelson, previously finance director, has been appointed managing director. Mr Stephen Goodman has been appointed finance director. He was previously a partner in Booth, Anderson and Co, the auditors to Samuelson Group. WILLIS FABER has appointed Lord Pennock and Mr Michael Rendle as non-executive directors. Lord Pennock was deputy chairman of ICI until 1979 and then chairman of BICC from 1980 to 1984. Re is deputy chairman of Plessey and on the boards of the Standard Chartered Bank and of Morgan Grenfell Holdings. Mr Rendle is a managing director of BP from which he retires at the end of the year. to Samuelson Group.

FIRE PROTECTION SER-VICES has appointed Mr J. S. Headry a director. He was pre-viously managing director of Walter Kidde.

Mr D. M. de Groot has been appointed a director of RTD GROUP. Mr F. J. Cole, financial director of LANCASHIRE TAR DIS-TILLERS, has succeeded Mr W. D. Holt as managing director. Mr Holt will act in an advisory STANDARD CHARTERED MERCHANT BANK has appointed Mr Ng Eng Leong as managing director of Standard Chartered Merchant Bank Asia. capacity to the board for some time to come.

Mr Chris McManus has been appointed group financial director of POINTON YORK, the Loudon and Leicester-based insurance, pensions and financial services group. Mr John Thackway, previously head of group personnel development, MIDLAND BANK, has been appointed group personnel director following the retirement of Mr Brian Cocap. Mr Thackway, who joined Midland in December 1984, was previously director of personnel policy, British Rail.

Mr Graham Clark has been appointed divisional director, specialist retail chains, of W. H. SMITH AND SON LIMITED.

Mr David Brickley has been appointed managing director of LYDDON FINANCIAL SER-VICES, a wholly owned subsidiary of Lyddon and Co., stockbrokers, of Cardiff, Swarsea and London. The ALLIED DUNBAR GROUP has appointed Mr Harry Little-fair managing director of Allied Dunbar Unit Trust. He was previously deputy managing director. Mr Syd Lipworth becomes chairman, taking over from Mr George Fietcher who has decided to reduce his business commitments by stepping down from the chairmanship of Allied Dunbar Unit Trusts. (He also steps down as a director of

Mr Richard Evans has been appointed managing director of ALFRED McALPINE INTER-NATIONAL following the death of Mr David Eaton in August. For the last year Mr Evans, 43, has been deputy managing director of Alfred McAlpine Services and Pipelines.

Mr Brian Melling has been appointed to the board of ALFRED McALPINE CONSTRUCTION (North Region), and Mr Denald Tullsch to the board of ALFRED McALPINE MINERALS.

A company has been formed to co-ordinate and manage the Mr P. M. Fallon has been appointed a director of ASSOCIATED NEWSPAPER

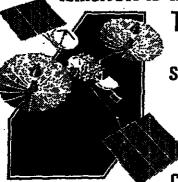
to co-ordinate and manage the unitised equity investments of the Allied Dumbar Group. Called Allied Dumbar Bequity Management, it will have a board consisting of the following: Mr Harry Littlefair (managing director). Mr John Gurney and Mr Nichelar Roach (joint denuty managing directors). Mr John Sharman, Mr Michael Fareman and Mr Gary McGuire, Mr Syd Lipworth will also be a member of the board and Mr Alex Lyle and Ms Sarah Arkle will be assistant directors. Mr Anthony Ramme has joined the FLEXIBLE AUTOMATION SYSTEMS GROUP as managing director of automation systems division. Mr Ramm was pre-

# saffe andr shrdlu emfwyp em Ingersoll Engineers.

#### ET INIT TRICT INFORMATION CERVICE

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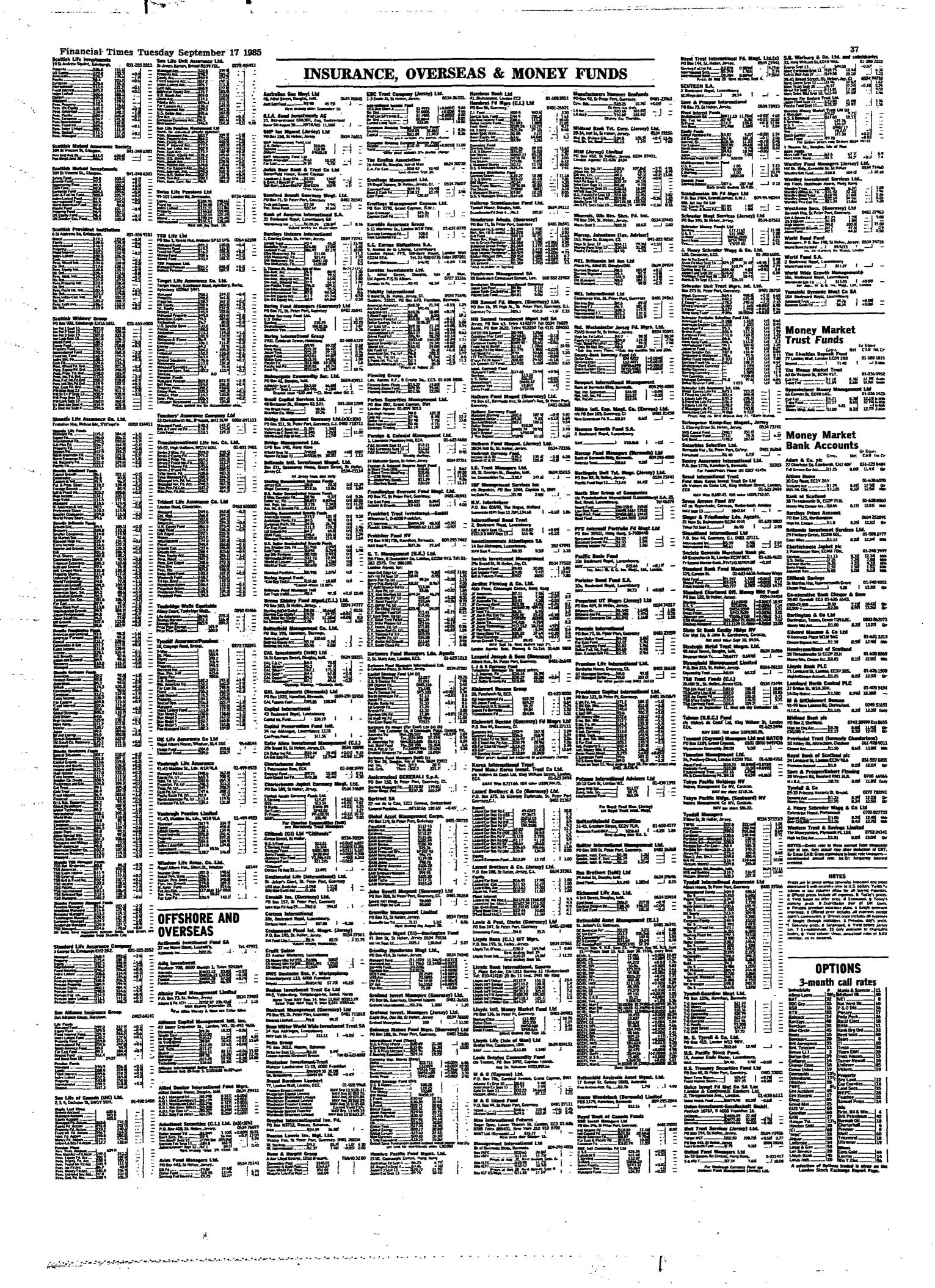
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\*



U.S. MARKETS

PRECIOUS METALS were steady with Support from a weaker dollar being offset by

the uncertainty surrounding oil prices, reports Heineld

Commodities. Copper and aluminium were featureless

the lowering of U.S. economic.

## Brazil warns on coffee pact abuses

BRAZIL, the world's biggest coffee producer, yesterday launched a fresh appeal for discipline in the International Coffee Agreement, saying that abuses by some producers were threatening its survival. Speaking at the opening session of the International Coffee Organisation's annual negotiations on export quotas in London, Sr Roberto Gusmao, the country's Trade and Industry Minister. also called for "a rational and unemotional discussion" of the the anticipated actual level of quota levels for the coming shipments this coffee year. coffee year, which begins in

Sr Gusmao said that the global quota for the current year, originally fixed at 61m bags, had been too large and that last year's quota negotiations had taken place in an emotional atmosphere.

"The setting of a global quota far in excess of estimated demand caused great anxiety in producer countries, and, as we foresaw, ended by pushing prices below the range we are committed to defend."

BY NANCY DUNNE IN WASHINGTON

Sugar traders had expected the agriculture department to

more than half its current sugar

quota to about 1m short tons.

But high administration officials

meeting at the White House Thursday afternoon, agreed to keep quotas higher than necessary, presumably to

necessary, presumably to support prices in order to help

the economically distressed sugar producers of the Caribbean and to force Congress

to make changes in the current sugar support programme.

Medium grade

**London auction** 

THE PRICE of medium grade

tea firmed by 4p to 140p a kilo

at yesterday's weekly London auction. Quality grade was again unquoted and low medium

was unchanged from last week's sale at 108p a kilo.

There were 26,823 packages on offer, including 1,500 in the

offshore section. The Tea Brokers' Association reported

improved demand for African

types with some gaining more than 5p a kilo. Ceylons were generally steady while offshore

teas met good demand at firm

to dearer levels.

This week's sale saw the first

tea firmer at

By Our Commodities Staff

THE U.S. Department of Agri-culture (USDA) could well find ment expenditures. The USDA itself with 903.8m lb of gives production loans of 18 forfeited sugar on its hands at cents a pound to domestic sugar

the end of this month as a producers who may then forfeit result of new sugar quotas their crop if they can't repay

result of new sugar quotas announced last Friday.

Although the Department expected to maintain prices high enough to prevent fortons in 1985 to 1.72m short tons, the cut was less than is the Great Western Sugar Company, involved in bankruptcy sugar stabilisation price at proceedings, has forfeited in the 21.57 cents a pound in the face of declining domestic demand.

Sr Cusmao refused to say what Brazil wanted the quota for 1985-86 to be, but said that ideally it should keep prices between 130 cents and 140 cents a pound. The ICO's 15-day moving average price is presently below the organisation's official minimum of 120 Brazilian officials have indicated that the country would

press for a global quota below 57.5m bags, which they say is The consumers appear not to have agreed what level of quota

to press for, but most favour a figures well above the level mentioned by the Brazilians. Some European countries are

keen to make eventual negotiaby Brazil over the availability of coffee through the year. There are complaints that the current system, which has tradi-tionally split exports between quarters of the coffee year, does not reflect genuine market

U.S. sugar price under threat

stocks and occasionally sells some on the domestic market.

The Administration's decision

to keep the quota higher than domestic demand would justify is expected to force these for-

As it was designed by Condomestic demand would justify daily raws progress in 1981, the U.S. sugar is expected to force these for 21-month high loan support programme is not feitures. Its actions, not surday morning

with excess sugar in the domestic market this year, the USDA has had difficulty maintaining the sugar stabilisation price at 21.57 cents a pound. Several producers have already notified the Government that they may have to forfeit on loans, worth more than \$161m tend to push domestic sugar sugar sugar sub-like come due on September 30.

Brazilian orange juice

A DISPUTE between Brazilian association, said. But exports orange growers and the processin October could be threatened, ing industry has escalated with if the blockades continue as blockades spreading to 12 juice manufacturers cannot ship out processing facilities in the frozen juice concentrates stored interior of Sao Paolo state. The in their factories.

12 plants affected produce 90

Caught in the midst of peak

dispute escalates

BY ANN CHARTERS IN SÃO PAULO



Sr Roberto Gusmao, Brazil's Industry Minister

producers to non-members of the International Coffee Agreement at discount prices. "Brazil has always realised that it is unfair to require importing countries, who join hands with us in this unique venture of multilateral co-Consumption in 1985-86 is The Minister devoted much operation, to pay a higher price forecast by the ICO at around of his opening statement to than countries who choose to 56m bags.

prisingly, brought plaudits from the U.S. cane sugar refiners

association, who issued a state

resident for taking into consideration the interests of

The association is supporting an amendment to the 1985 Farm Bill which would reduce the

18 cents sugar support price by one cent a year starting from

1986 and running through 1988, The amendment, to be intro-

duced on the house floor by Congressmen Thomas J.

Downey, a New York Democrat,

and Willis Gradison, Jr., an Ohio Republican, would further reduce the price by cutting out

ting the sugar stabilisation

for the world market, writes Our Commodities Staff. The

news helped to lift the London daily raws price by \$13.50 to a 21-month high of \$142.50 yester-

tion. . . . More than a diagnosis we need remedies for a disease which threatens the v survival of the agreement. Brazil intended to press for effective application of ICO resolutions against such sales,

including penalties on offenders such as Indonesia. As to what would happen if the abuses continued, he issued a further threat: "We cannot stand aside and watch the erosion of our share in markets where we are traditional sup-pliers if we find that our colleagues are not applying the same standards, or should the organiseation prove unable to ensure the full implementation

Asked at a Press conference if Indonesia decided to leave the Agreement as a result of possible sanctions, Sr Gusmao said: "If Indonesia wants to remove itself from the ICO, it can do so. That is Infonesia's decision."

He also made it clear that

of decisions taken at council

Brazil intends to resist demands by 16 other producers for an

#### Downturn in London

By Stefan Wagstyl

OFFICIAL STOCKS of copper in London Metal Exchange warehouses fell last week for

the first time since June.

But traders warned that it was too early to say whether or not the 4,200 tonne reduction a significant fall in stocks was on the way. The news had little

optimistic that after a summer of poor consumer demand for Meanwhile, a 1,200 tonne fall

LONDON METAL EXCHANGE WAREHOUSE STOCKS

	(tonnes)
Aluminium Copper	+4,800 to 188,875 -4,200 to 209,150
Lead	-200 to 35,000
Nickel Tin	+240 to 5,228 -310 to 33,670
Zine	-1,290 to 34,950
Silver	+740,000 to 54,166,000

#### **Export bonus** confusion irks grain traders

uncertainty about the workings of the U.S. Department of Agri-culture's export bonus programme, plus the slowness of

per cent of Brazil's orange juice exports.

Juice manufacturers closed plants after citrus growers first set up blockades against a few installations earlier in the week. Growers are protesting workers through this week even though they cannot pick the ripening crops. There is concern that if the impasse continues week. Growers are protesting much longer, some oranges may the industry's refusal to pay a Cruzeiros 20000 net price per box of oranges with no discount.

Caught in the midst of peak harvest time for oranges, the processors are paying migrant workers through this week even though they cannot pick the series are protested to over-ripening and spoilage. Last Friday Mr John Block, the U.S. agriculture secretary announced 175,000 tonnes of U.S. wheat flour had been sold significant rise for some time in the medium grade tea price, which moved above the 135p a kilo low point reached at the ready for shipment, Senor Mario 20m to 25m boxes of oranges in to Egypt under the programme

# copper stocks

effect on copper prices.
Some traders were cautiously

slight increase in consumption in zinc stocks to 34,950 tonnes was welcomed as an indication of good, if patchy, demand.

	3chr (3)	
	(tonnes)	Cash   5885-95
ium	+4,800 to 188,875 -4,200 to 209,150 -200 to 35,000 +240 to 53,670 -310 to 33,670 -1,280 to 34,950	Official closing (am): Cash (3,490-5), three months 3,505-10 (40), settlement 3,465 (3,610). Karb close: 3,430-5. Turnover:
	(ounces) -740,000 to 54,166,000	TIN

LEAD

NICKEL

CHICAGO - Confusion and confirmation, has irked ex-porters and convinced many grain traders the programme will not boost exports of U.S. grain, reports Reuter.

The grain trade was cau-

tiously optimistic about the new export programme when it was announced earlier this summer, but the lack of new business has turned sentiment sour.

the months of September and but the trade has taken weeks to

#### LONDON INDICES

COCOA PRICES FINANCIAL TIMES London futures market were boosted in early trading yesterday reflecting the New Sep. 18tep. 12 M'th agr Year ago 253. 23 253.98 252.87 292.15 York market's firm tone on (Base: July 1 1952 = 100) Friday night. The December REUTERS position reached £1,796 a tonne at one stage but was Sap. 15 Sep. 12 M th ago Year ago trimmed back later, profit-1725,1 1740,7 1705,8 1865,0 taking and light trade selling influenced by sterling's firmness against the dollar. (Bass: September 18 1931 = 100)

**DOW JONES** December cocoa ended the day only £7.50 up on balance Dow Sept. Sept. Month Year Jones 18 12 830 ago at £1,783.50 a tonne. Dealers Said there was minimal impact from the Brazil's Spot 111.79 111.52 - 126.23 Fut. 115.24 113.04 - 126.18 Bahia cocoa review which (Base: December 31 1874 - 100) said bean deliveries were coming in at normal pace and the crop would probably reach the predicted 3m bags (60 kilos each), or possibly a MAIN PRICE CHANGES

#### the Bahia crop has been one of the factors underpinning

little more. Concern about the

impact of adverse weather on

	values of late.		Aluminium £1100 £111 Free Mitt \$1015135 —10 \$105 Copper
	Unofficial + or close(p.m.) - 2 per tonne	High/low	Lead Cash £299.5 +3,0 £29
Cash 5 months	729.5-305 ;—9.75 752.5-3 —9	732;T81,5 767;751	3 mths
(735-5), ti settlement	closing (am): Cash hree months 755-5 1732.5 (736). Fi -2.5. Turnover: 35.85 PER	(757.5-8), nai Kerb	Platinum oz
	- Handwall 1 and		Wolfram 22.01b_ \$65/70

Official closing (am): Cash 1,025-5 (1,025-8), three months 1,051-.5 (1,049-0), settlement 1,025.5 (1,028). Final

Official closing (am): Cash 1,003-5 1,000-1), three months 1,029-32 (1,028-0), settlement 1,005 (1,001). Turnoven 8,625 tonnes. U.S. Producer prices 

	- Por 4	Q11114	_:	MCGHODE GAS 14500 IGIO: - 1451 D				
Cash 3 months	29 <del>0</del> -300  303-4	'+3 +2	299/298 506.5/502	‡ Unquoted. z Sept-Oct. y O † Per 76-ib flask, c Cents per pour				
(297.5), 1	hree monti	ıs 302-,	esh 298.5-9 5 (300.5-1), Final Kerb	<del></del>				
			450 tonnes.	60001				

COCOA

			idier and
			peculative
Interest b	nz closing	Hevels W	ere at the
buelees	the day.		physical both pro-
			lined, re-
ports Gill	and Duff	inger bing	411180° 48-
PO-08 - 0H1	and bus		
	Yesterd	av'sı	<del></del>

COCOA	Close + or	Business
	£ per tonne	Dona
	1735-1746 +11.6	
March,	1783-1784 +7.5 1804-1805 +8.0	1796-1795 1819-1904
	1818-1820 +7.0 1825-1830 +4.0	1855-1818 1858-1855
6ept,	1826-1881 —3.0 1826-1840 +4.0	1844-1831 1845-1842
Salas: 4		of 10

HCCO in

Official closing (am): Cash 9,170-5 (9,165-7), three months 9,120-5 (9,123-

ZINC	COFFEE Yesterdy + or Business Close — Done
. Unofficial + or High grade close (p.m.)High/ low £ per tenne	Sept
Cash 513-4 +0.5 — 8 months 519,5-20.5 +0.75 528,623	March
Official closing (am): Cash 523-4 (512-3), three months 527-5 (519.5-20), application of 524 (513). Final Kerb close:	Sept

Official closing (sm): Cash \$23-4 (512-3), three months 527-5 (519.5-20), astilement 524 (513). Final Kerb close: 521-3. Turnover: 6,375 tonnes. U.S. Prime Western: 41-41.75 cents a pound. ICO indicator prices (U.S. cents per 1979 117.23 (117.16); 15-day average 119.06 (119.29). Gold tail \$4 to \$3194-\$204, on the London builion market yesterday. The metal also opened at \$3192-\$204, and trading was very light, parily reflecting the leck of attendence in New York due to the Jewish New Year holiday. Gold was fixed at \$318.85 in the morning in London, and \$319.30 in the atternoon. It touched a peak of \$320-3202, and a low of \$3184-3184.

MEAT

# Close 53194, 32014 (£239.23914) Opening 53194, 32014 (£2394, 23934) M'ni'g fiz. 5318.65 (£239.557) Aft'n'n fix 5319.30 (£238.751)

9155-60 13.5 9113-20 1-7,5

Official closing (am): Cash 9,180-5 (9,165-7), three months 9,123-30 (9,124-8), settlement 9,185 (9,167).

Kr'g'r'nti \$324 <i>51</i> 4419	12414. p424)
krug, \$170 1701g	(£1264-1274)
4 Krug. \$864.874	126434 6B1
1/10 Krug. \$5512.36	(£261g-263 <sub>6</sub> )
Mapleleaf \$330 3301g	£246 ( 2463)
New Sov. 5754-764	(£561g-67)
4 New Sov 546 4614	£344 .343g)
01d 8ov. #801g-62	£60-614.
20 Eagle 5460 500	(£348 \ 3734)
Noble Plat \$319 \ \$223	(£238\j-241)

Silver was fixed 2.7p an ounce lower for spot delivery in the London bullion market yesterday at 450.85p. U.S. cent equivalents of the fixing levels were: spot 599.65c, down 6.25c; tanemonth 611.75c, down 5.7c; six-month 624.7c. down 7.8c. The metal opened 51.2c, down 7.8c. The metal opened 51.2c. down 5.8c. and closed et

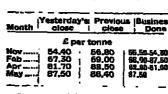
SILVER per troy	Fixing Price	, — ,	p.m. Unoffic	-
months.	450.86p 463.60p 476.10p 500.10p	-2.65 -2.60	461,5	2.5 2.25
0,000 bz.	nonths his			

## The market opened sharply lower

Close (High/Low) Prev.

#### **POTATOES**

The market lacked direction and fluctuated between unchanged and £1.50 down, basis April, until selling interest at unchanged levels and lack of any fresh news ted to a fell in prices, reports Colay and Harper.



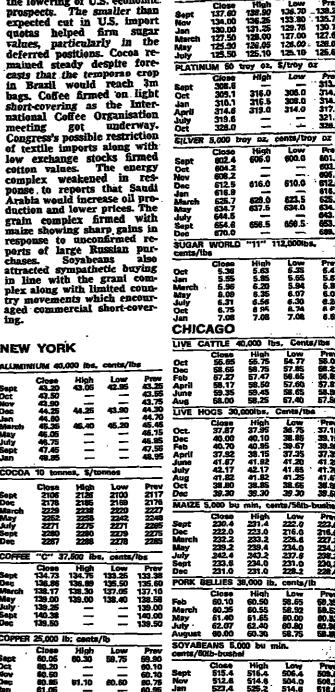
SOYABEAN MEAL

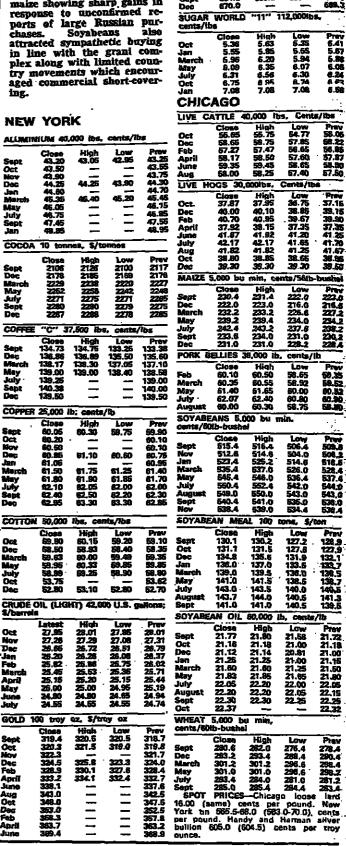
CONDON GRAINS—Wheat U.S. derk northern spring no 1 15 per carr Oct 129.75. Nov 130.80. Dec 132.50 transhipment east coast. U.S. no 2 soft red winter Oct 111.75. Nov 112.75. Dec 114.60 sellers. EC Sept 118.00. English feed fob Sept 104.60-105.00. Oct 106.00-106.50. Oct/Dec 107.50-108.0. Jan/Mar 112.00-112.50 buyer/sellers. April/June 118 seller. Metze: U.S. no 3 yellow/Frencb transhipment sear coast Oct 1-10 131. Nov/Dec 133. Sarley: English feed fob Sept 104.50-102.0. Oct 105.00-105.50 buyer/sellers. Oct/Dec 108 seller, Jan/Mar 112.50-113.00 buyer/seller. April/June 118 seller. Rest unquoted. Sales: 3,059 (83) lots of 20 tonnes.

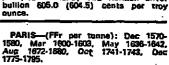
#### SUGAR

PIGMEAT—In light trading, profit-taking carried prices lower following last week's contract high prices, reports CCST Commodities.

No. 6 Yest'day's Previous Business Conclose close done







Brent and WTI traded modestly sround the lows achieved late on Friday. Nymex opened Sc down and was trading 4c down by 1 pm EDT. In the petroleum products merket prompt gas oil firmed on buying interest. One per cent crecked and straight run fuel was stable to weak, and American buying interest appeared to latter—Petroleum Argus, London,

	Latest	Chan
CRUDE OIL—FOB (\$ Arab Light	27.40 27.54 26.25-25.35 26.05 26.15 27.15.27 91	

PRODUCTS—North West Europe Prompt delivery oif (8 per tonne) Premium gasoline | 267-268 | Gas Oi) | 249-252 | 4

- 221,60 Turnovar: 1,858 (1,823)

## Bronco Peres, president of the mon Abrassucos, the processors' October. In defence of 'artificial' nitrogen

Enough juice concentrate to manufacturers require three

ACCORDING to an ancient Encyclopaedia of Agriculture with which I started farming, Virgil was the first writer to note the benefit to farming of the use of leguminous plants, naming in this case lupins and vetches, as a means of raising fertility. Their effect is to fix nitrogen, the essential plant food, from the air, by bacterial action. But this understanding of course came much later, of course came much later, when science took the place of practice as the agent for farming progress.

Until then farmers knew, by hearsay and tradition, that good wheat crops would be grown after a clover pasture had been ploughed up, and that the use of farmyard manure, and many waste products including such things as shoddy (waste woollen fibres), animal blood, horns and so on did improve yields. There was also a theory, popular in my youth, that summer fallow was as good as a coat of dung. Obviously the nitrogen forming bacteria in the soil were able pastures, to store up a reserve of fertility But in the West European to store up a reserve of fertility during this non-extractive

tion on the natural nitrogen mum grass growth, probably forming activities inherent in because of the lower intensity forming activities inherent in all soils would never have kept of sunlight, and farmers have lobby which claims that the use pace with population growth. So, since the early 19th century, introgen from a bag. If I sow is injurious to health, But I fail the natural process has been and was Zealand grass mixture speeded up, first by the important on my farm the clovers don't ammonia produced from air can here is that there is no evidence tation to Europe of mitrates seem to work anything like as be any less natural than that to connect even the increase in produced in the clover roots or water supply nitrates with

The present source is the development of the Haber-Bosch process of fixing nitrogen Common Agricultural Policy than bag nitrogen, such as de- controllable factors.

box of oranges with no discount.

to do and output of almost every to support growing populations or enhance farming profits—
not always the same thing. But different countries' needs vary

Once picking begins again,

## Farmer's viewpoint by

greatly. For instance the producfivity of New Zealand grass land farming is dependen; in nitro-gen produced by wild white clover which boosts the growth of the predominantly rye grass

latitudes clovers at present available do not seem to produce But reliance for food produc- the amounts needed for opti-

restricted to what the market would stand. This begs the question of how the farmers would manoeuvre their other costs in order to be able to keep buying nitrogen. Then consider the objections to a system which effectively would add to the cost increases the CAP has already caused for the

John Cherrington on the quality of drinking water

But the objectors have other allies. The so-called organic those limits. This, when imple-lobby which claims that the use mented, will cost the water

in water supplies actually showed a bigger decline in this type of cancer. But this report points out that adults normally get as much of their nitrate from foods such as vegetables, milk and cured meats as from drinking water. In Britain there are limits on nitrates in water supplies with a recommended concentration of less than 50 mg nitrate per litre and an acceptable level of between 50 mg and 100 mg per litre. The EEC, however, has now introduced a directive

in Oxford showed that areas with the higher nitrate intake

speeded up, first by the importation to Europe of nitrates from Chile, then guano, basically the excreta of seabirds, from the same area. Both these could be termed natural fertilisers. Then sulphate of ammonia was developed as a there the limiting factor is rainable ammonia was developed as a there the limiting factor is rainable ammonia was developed as a there the limiting factor is rainable ammonia produced from an can be any less natural that to connect even the increase in produced in the clover roots or water supply nitrates with from the residues of plants and the fertiliser nitrogen as against other susbtances.

Concern is also arising over also the case that the leakage of nitrate levels in of nitrate into the subsoil depends on the residues, but a fine the clover roots or water supply nitrates with other susbtances.

Concern is also arising over also the case that the leakage of nitrate into the subsoil depends on the residues of plants and the fertiliser nitrogen as against other susbtances.

Concern is also arising over also the case that the leakage of nitrate levels in of nitrate into the subsoil depends on the residues, but a first produced in the clover roots or water supplies that from other sources. It is also the case that there is not treated in the clover roots or water supply nitrates with other susbtances.

Concern is also arising over also the case that there is not treated in the clover roots or water supply nitrates with other susbtances.

Concern is also arising over also the case that there is not treated. tion of those in Europe.

found in water may have come and the variations of the annual
The critics of the EEC's from a variety of sources other rainfall. Bother at present un-

Oct. 832 /834 | 835.822 | 839.840 Jan. 881 .882 | 885.879 | 337.5/889 April 930 /932 | 930 | 940/642 July 953 /865 | 863/656, 862/670 Oct. 930 /980 | 935/965 Jan. 980 /1030 | 935/965 July 935 /1030 | 980/1030 July 935 /1000 | 850/1000

COTTON

Liverpoot.—Spot and shipment sales totelled 843 tonnes for the week ending friday September 13, against 736 tonnes in the previous week. Improved demand brought purchases in Colombian. Egyptien, Paregueyan, Pakistani, Spanish and East and West African demandings.

115.30 117.20 116.70 117.40 117.0-116.5 105.40 103.70 104.50 104.90 103.20 103.70 101.80 102.70 181.8 Sales: 53 (169) lots of 50 carcases, 3,250 kg.

Sales: 3,619 (3,053) lots of 50 tonnes. Teste and Lyle delivery price for granulated basis sugar was £212,50 (£200,00) a tonne for export. International Sugar Agreement—(U.S., cents per pound tob and stowed Caribbean ports.) Prices tor September 13: Daily price 5.04 (5.13): 18-day average 4,94 (4.90).

GAS OIL FUTURES

RUBBER

PHYSICALS—London closing prices (buyers) for RSS No 1: spot 81.00p. (asme); October 58.50p (asme); November 58.50p (some). Kuals Lumpur (ob price (Melaysief Singapore cents) per kg RBS No 1 — (182.5); SMR 20 — (147.5).

Short feet 7 days Month. Three m Sm mon One vasi

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together Evenery Eddon: brough below i off set Circulate To be the light

#### CURRENCIES; MONEY and CAPITAL MARKETS

#### FOREIGN EXCHANGES

## Dollar gives up early gains

The dollar lost its early gains on the foreign exchanges, to finish weaker after a fairly quiet day. The initial upward move was an adjustment, after Friday's sharp late fall following disappointing figures on U.S. retail sales and industrial production. Yesterday's economic figures were relatively unimportant, but again disappointing as far as the market was concerned, as attention focused on this Friday's flash estimate of third-quarter U.S. gross national product, and the revised second quarter figure. After last week's figures forecasts for third-quarter GPP are now probably nearer 3 per cent growth than 4 per cent, compared with the last second-quarter revision of 2 per cent.

According to westerday's FMS EUROPEAN CURRE

According to yesterday's figures factory use was at 80.5 per cent of capacity in August, against a figure revised down to 80.4 per cent in July from 80.8 per cent. Business inventories were unchanged in July, and the second quarter current account deficit was the second highest on second quarter current account deficit was the second highest on record, at \$31.81bn, compared with a first quarter revised to \$30.33bn from \$300bn.

The dollar fall to DM 2.8840 from DM 2.8840; FFr 8.7875 from FFr 8.8450; SwFr 2.3820 from

POUND SPOT-FORWARD AGAINST POUND

2807-28084 2807-2808 18rs pm-d dis 11.25+11.384 11.334-11.344 1-lore dis 11.75+11.85 11.79+11.804 24-14c pm 11.334-11.624 11.11.42 24-14c pm 13.37+13.624 2234-3245 12-14y pm 27.10-27.28 27.22-27.28 142-13-gro pm 27.10-27.28 27.22-27.28 142-13-gro pm

**OTHER CURRENCIES** 

ou.7, and tell to a low of 80.5 at 10 am, before closing at the day's peak.

Sterling suffered a little from nervousness about oil prices but recovered towards the close against a weakening dollar. After touching a low of \$1.3245 the pound finished 20 points up on the day at \$1.3425-1.3435. It held steady for most of the day, after

EMS EUROPEAN CURRENCY UNIT RATES

45,0009 8,06384 2,22636 6,79189 2,50328 0,716106 1491,86 8.12857 2.23840 8.86402 2.52208 0.724578 1520.60 Changes are for Ecs. therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

DOLLAR SPOT-FORWARD AGAINST DOLLAR | Target | Septe | Sep p.s. months p.s.

3.35 1.04-0.99 pm 3.02
2.41 1.03-1.00 pm 2.20
5.49 67-54 pm 5.03
2.54 50-37 pm 2.43
1.69 0.63-0.39 pm 1.64
6.97 67-69 pm 6.65
-12.13 415-1415ds -15.74
-1.05 25-130 dis -1.26
-0.68 52-37 dis -1.30
0.68 27-37 dis -1.30
0.88 27-37 dis -1.50
1.72 47-3 pm 1.25
-3.88 92-107 dis -3.57
5.08 47-37 pm 4.54
6.14 425-385 pm 5.89
6.56 57-55 pm 6.84

showing early losses against other major currencies, falling to DM 3.8725 from DM 3.8875; FFr 11.80 from FFr 11.86; SwFr 3.20 from SwFr 3.2050; and Y324 from Y324.50.

D. MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7336. Exchange rate index 124.9 against 118.4 six months

**CURRENCY MOVEMENTS CURRENCY RATES** 

90.8 140.2 86.1 115.0 90.6 78.9 134.9 146.3 115.4 66.8 43.9 157.8 nch franc. Morgan Guaranty changes: everage

#### **EXCHANGE CROSS RATES**

Argentina Austi. 1.0630-1.0660 0.8000-0.8010 Austria...
Australia Dollar 1.9605-1.9645 1.4735-1.4750 Belgium ...
Brazil Cruzeiro... 8.1650 8.1850 6.1405-6.1495 France ...
Finland Maricka 8.1650 8.1850 6.1405-6.1495 France ...
Hongkong Dollar 10.4035-10.4125 7.8200 7.8200 http://link.com/lin

Sept. 16	Pound Stiling	U.S. Dollar	Deutschemk	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Beiglas Fran
Pound Sterling	0.745	1.545	3,873	324.0	11.80	3,200	4.370	2508.	1.845	78,10
U.S. Dollar		1.	8,884	241.4	8,788	2,382	3,254	1942.	1,374	58,15
Deutschemark	0.258	0,347	11.95	83,67	3,047	0,826	1.128	673,5	0,476	20,17
Japanese Yen 1,000	3.086	4,145		1000	36,42	9,877	·15.49	8049, "	5,694	841,0
French Franc 10	0.847	1,138	3,282	274.6	ID.	2.712	3.703	8210	1.563	66.19
Swiss Franc	0.318	0,420	1,210	101.3	3,685	1.	1.586	815,0	0.577	24,41
Dutch Guilder	0.229	0.307	0,886	74.14	9,700	0,732	1.	596,8	0,492	17,87
Italian Lira 1,000	0.385	0.515	1,485	184.2	4,525	1,227	1.576	1000,	0,707	29,95
Ganadian Dellar	0.542	0.728	2,099	175.6	6,396	1,735	2,369	1414.	1.	42.54
Beigian Franc 100	1,280	1.720	- 4,958	414.9	15,11	4,097	5,595	5339.	2,362	100.

(base sverage 1975=100).

£

**Note Rates** 

27.00.27.30
27.00.27.30
28.00.78.80
13.92.14.05
11.75.11.83
5.85.3.89
2579.26820
321.356
4.35.4.87
11.82.11.34
225.239
221.230
11.89.11.40
3.17.3.20
1.32.1.34
415.455

tions (September 9): Australia 1.9513, Israel 1,984.0 and Uganda 762.0.

#### EURO-CURRENCY INTEREST RATES (Market closing rates)

			•	-	·								
	Sept. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgial Conv.	Franc Fin,	Yen	Danist Krone
•	Short-term	1146 1116 - 1118-1146 - 1118-1116 - 1136-1116	712 815 712 815 813 815 813 815 814 815	734.814 814.812 859.879 873.976 973.976 973.1076	534 6 534 6 534 578 534 578 514 518 579 6	112-154 112-154 414-466 412-456 412-413 411-413	414-48 414-48 486-419 47-48 47-416 416-416	9 16 9 16 9 16 9 16 9 16 9 34 10 10 18 10 10 18 11 16 11 16	18-14 12-14 124 134 126-13 127-183 1312 14	866-876 834-9 878-916 918 948 912-934 966-978	634-9 834-9 878-918 918-958 914-954 959-978	64 64 64 64 64 64 64 64 65 64 65 64 65 64	94.95 995 995 995 9914

Asian S (closing rates in Singapore): Short-term 7% 8 per cent; seven days 7% 8 per cent; one month 8% 8% per cent; three months 8% 8% per cent. Long-term Eurodollers: two years 9% 9% per cent; three years 10% 10% per cent; tour years 10% 10% per cent; hive years 10% 10% per cent; notices.

#### MONEY MARKETS

## UK rates slightly firmer

was rather quiet for much of the day however despite a considerable shortfall between the authorities' published forecast and the level of assistance given. Overnight interback money touched 13½ per cent, having opened at 11½-11½ per cent. Three-month funds were quoted at 11½ new cent from 11½-11½ new cent form 11½-11½ new cent from 11½-11½ new cent form 11½-11½ new cent at 11-112 per cent from 114-114 per cent while three-month eligible bank bills were bid at 11-12 per cent, unchanged from Friday.

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills

UK clearing banks base lending rate 111 per cent since July 30.

together draining £706m and together draining 270sm and Exchequer transactions a further £435m. In addition banks brough forward balances £50m below target. These were partly offset by a fall in the note circulation which added £320m. To help elleviate the shortage the Rank offered an early round of assistance which totalled

#### FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 16)

UK interest rates rose slightly from Friday's levels as sterling of 56m of eligible bank bills in band 2 at 11½ per cent, £39m at 11½ per cent and £161m in band 2 at 11½ per cent, £39m at 11½ per cent and £161m in band 3 at 11½ per cent, and band 2 at 11½ per cent and £161m in band 3 at 11½ per cent, and band 2 at 11½ per cent and £161m in band 3 at 11½ per cent. In band 3 it bought £1m of Treasury bills able shortfall between the band 3 (34-63 days) at 11½ per cent, £8m in band 4 at 11½ per cent. Band 3 (34-63 days) at 11½ per cent, £8m in band 4 (64-91 are cent, £10 and £35m of eligible bank bills to a shortfall between of assistance given. Overnight interback money touched 13½ per cent, having opened at 11½-11½ per cent. Late assistance afternoon of £214m. This was: came to £25m, making a total of made up of £15m of eligible, £518m. MONEY RATES LONDON MONEY RATES Discount Houses Deposit and Bill Rates 118g-1134 111p-121g 114-114 114 115-113-113-113-113-113-113--114 113 11 MONEY RATES 766-776 716-716 734-8 712-872 NEW YORK (Lunchtime) 8H2-8H3

#### **FINANCIAL FUTURES**

## Prices recover

commercial orders during the morning pushed the dollar off the day's low of DM 2.8820, but it closed below the fixing level, showing no reaction to U.S. second-quarter current account figures. Trading was relatively thin, with dealers reluctant to open new positions amid uncertainty about the strength of the U.S. economy. The firm undertone in the morning was helped by a settlement date yesterday in the currency options market. Sterling's decline at the fixing was reported to be the result of speculation about lower oil prices. The pound fell to Prices recovered from a mostly seaker start in the London nternational Financial Futures Exchange yesterday, encouraged by renewed buying after the opening of U.S. markets. U.S. bonds and Euro-dollars opened around Friday's closing levels, while sterling-based instruments wer marked down on sterling's initial weakness, amid further speculation on the possibility of lower oil prices.

However, U.S. traders came in as buyers of dollar contracts and this in turn helped gilts and short sterling to recover. The afternoon recovery was helped by disappointing U.S. capacity utilisation figures, with thin

LONDON THREE-MONTH EURODOLLAR

Sept 16 Previo

Noon 1.00 pm 2.00 pm 3.00 pm 4.00 pm £ IN NEW YORK Spot |81,8460-1,5469|8 1,3560-1,5400 1 month 0,38-0,34 pm (0,38-0,34 pm 5 months 1,05-1,00 pm (0,96-0,93 pm 2 months 2,80-8,70 pm (2,85-8,43 pm

DM 3.8750 from DM 3.8970. STERLING INDEX

8,30 am

points of 100%

Close High Low Prev
31.48 91.42 91.35
h 91.12 91.10 91.06 90.96
90.78 90.78 90.73 90.43
90.46 90.40 90.40 90.30
90.15 90.40 90.40 90.30
90.15 90.05 80.05 80.96
h 89.55 — 89.56
coa day's open int 17,865 (18,640) THREE-MONTH STERLING ES00,000 points of 100% 3.35 1.04-0.99 pm 3.02 1.69 0.45-0.30 pm 1.40 -0.74 0.27-0.32dia -0.86 2.27 2.01-1.98 pm 2.45

Close High Low Prev
Sapt 76-25 76-25 78-18 75-03
Dec 75-16 75-18 75-05 74-27
March 74-14
Est volume 1,888 (5.685)
Previous day's open int 2,768 (2,193) DEUTSCHE MARKS DM125,000 \$ per DM Close High Low Prev Dec 0.3483 0.3480 0.3464 0.3472 blarch 0.3516 0.3500 0.3600 0.3506 Est volume 276 (67) Previous day's open lot 414 (406)

Dec 0.4225 0.4205 0.4204 0.4207 March 0.4265 0.4244 0.4244 0.4248 Est volume 33 (24) Previous day's open int 244 (244)

Sept 111-12 111-07 111-05

Dec 111-19 111-23 111-07 111-05

March 111-29 — 111-29 — 111-29

Est volume 2,042 2,560) — 111-29

Previous day's open int 3,600 (3,463) — Dec 8asic quote (clean cash price of 137-% March June of near futures contract) — 5 to +4

Sept

trading due to a Jewish holiday tending to exaggerate market reaction. After opening at 91.42 the December Euro-dollar con-tract rose to finish at 91.48, up from 91.35.

10% NOTIONAL SHORT GILT E100,000 64th of 100% March \$7-80 -- ; Est volume 902 (1,231) Previous day's open int 642 (623) STERLING £25,000 S per £ Prev Close High Low Prev 91.35 Dec 132.55 132.85 131.65 132.75 90.98 March 131.80 — 132.00 90.63 June 131.25 — 131.25 90.30 Est volume 121 (112) 83.86 Previous day's open int 2,689 (2,895) **CHICAGO** 

Close High Low Prev 89,03 89.03 88.95 89.04 89,36 89.36 89.28 89.38 89,37 89.32 89.38 89.41 89,42 — 89,45 89,48 — 89,47 me 858 (2,096) day's open int 5,024 (5,942) Close High Low Prev Sept 129.95 130.15 129.60 130.66 Dec 130.55 130.90 130.55 131.35 Est volume 173 (193) Previous day's open int 1,710 (1,702) Latest 92.08

JAPAMESE YEN Y12.5st S per Y100

Close High Low Prev

Dec 0.4161 0.4159 0.4153 0.4163

March 0.4184 0.4177 0.4177 0.4167

Est volume 38 (47)

Previous day's open int 288 (238) Tous day's open int 238 (238)

FAR 12% NOTIONAL GRIT

100 32nds of 100%

Closs High Low Prev
111-12 111-12 111-09 111-13 111-12 111-13 111-07 111-07 20-YEAR 12% NOTIONAL GILT 250,000 32nds of 100% \*CS/SDR rate for September 13: 1.3939

The December gilt contract improved in the afternoon after opening at 111-10 from 111-13. It broke through an important chart point at 111-16 and finished at 111-19. The afternoon recovery was also helped by sterling's firmer trend towards the close, itself a reaction to the dollar's retreat later in the day.

U.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100%

U.S. TREASURY BILLS (IBMA) Sim points of 100% CERT. DEPOSIT (IMMA) Sim points of 100% THREE-MONTH EURODOLLAR (IMM) \$1m points of 100%

SYERLING (LMM) \$4 per £ Latest High Low 1,3335 1,3340 7,3290 1,3340 7,3380 1,3190 1,3260 1,3280 1,3090 1,3200 1,3200 7,3200 76-01 76-04 76-22

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## American Metal Market Forum

discussing "A New Chapter in Metals and Markets" at the Hilton International on Monday 14th October 1985 Programme and tickets available from Fairchild Publications of New York, 8 Bouverie Street, London E.C.4. Tel: 01-353 9123 TICKETS £95 Per Person

#### **#€ OPTIONS REPORT** Sterling Currency—£25,000 c per £

Eurodellar Future—points of 100% Eurodellar rates remained steady with U.S. data awaited on Friday. Previous day's open Interest Calls Puls 5643 5665 Est volume Calls Pu 40 ( For full details of settlement prices call: Louisa Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON ECSV 3PJ

GOWER (SWANSEA) -- "THE CLIFF," LANGLAND

rs officed for rais as a Private Residence but with the benefit of outline planning permission for conversion into 13 retirement apartments.

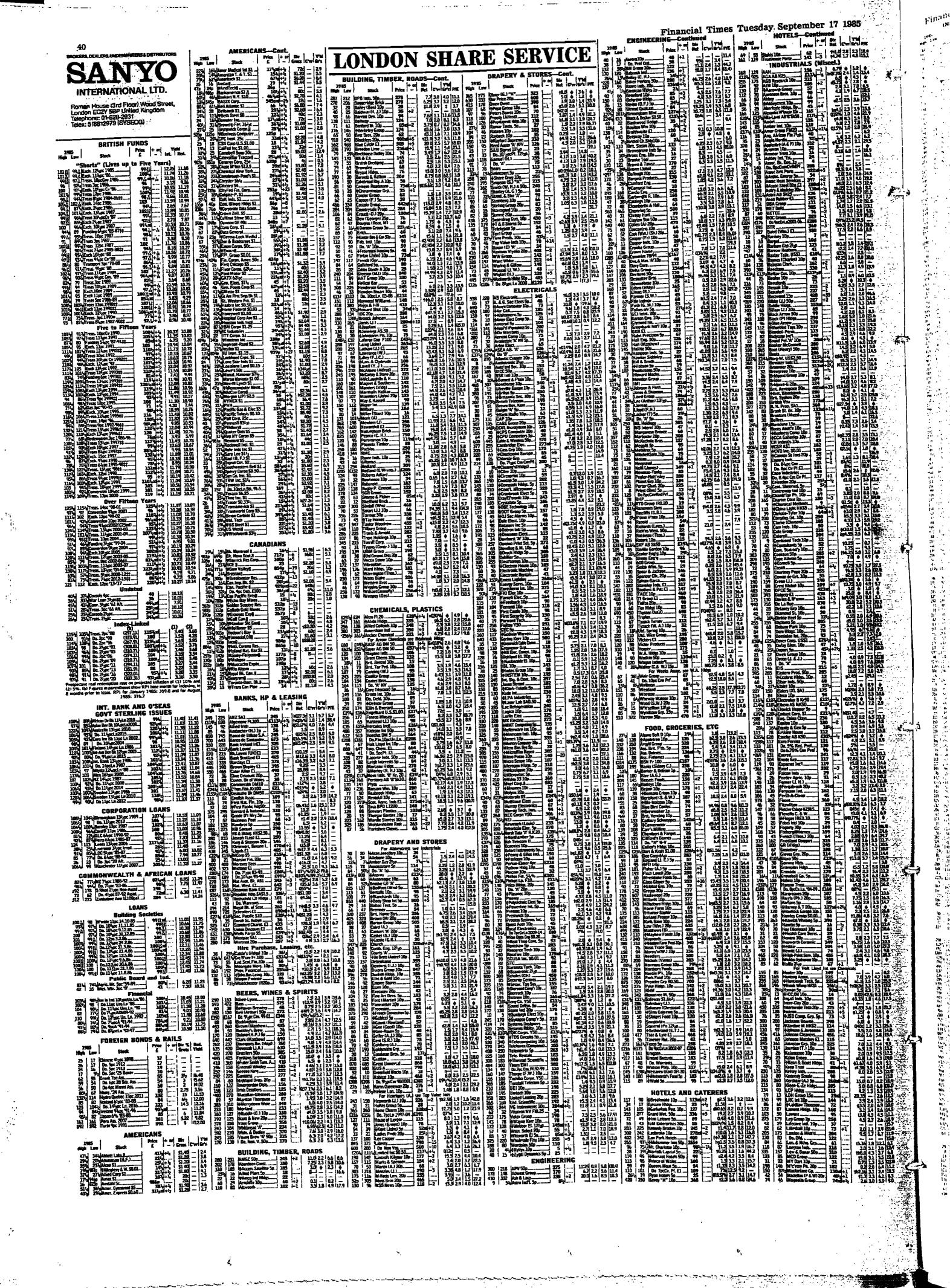
Built at the time of the Enterty, the house is surrounded by well planned and easily regimelized grounds of 1.3 acres with many fine precs and lawns, with a high degree of privaty and entirely set fontained unity as follows. Other particular to the principal House. Consists of a Magnificant Hall with Golff Drawing Cilling, carred the classic and grand estated. But the dorr Drawing Those principal bedrooms, Dressing room (en suite), Bathroom and 4 Secondary bedrooms, Tower Room and Lebrodare. Sun Lampo, Kitchen, Closicroom, Dectrooms, Tower Room and Calvodare. Sun Lampo, and elegant arartment, superfrey decorated throughout comorties; 22ft Drawing Room, Morning Room, Dinge Room, Kitchen and Larder, Saperb Master Bedroom Sulte comurating large Sedroom, Dressing room and always, Master Bedroom Sulte comurating large Sedroom, Dressing Foom and Elevant.

## **E** WORLD VALUE OF THE POUND

rate is nominal, Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

ens: (A) approximate rate, no direct quotation available; te; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate;

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF & STERLING
Afghanistan	Afghani	99,00	Greenland	Danish Kroner	14,0775	Peru,Philippines	Sol	exe( <u>A)</u> 18 <u>,5</u> 88,5
Albania	i.ek Dinar	10.1960 (A:6.70	Grenada Guadaloupe	E. Caribbean ਤੋਂ Local Franc	3,59 . 11,80	Philippines	Philippine Peso	23,70
Andorra	French Franc	11.80 229.50	Guaremaia Guinea	U.S. 8	1,3430 1,3430	Pitcairti įstairtis	New Zealand \$	2,5308
Appola	Kwanza.	38.8635	Guinea	Syll	32,40	Poland	Zioty	205,49
Antigua		3,59 1,0640	Guinea-Bissau Guyana	Peso	196,79 5,6130	Portugal,	PortugueseEscudo U.S. 5	239.50 1,3430
Australia	Australian Ş Schilling	1,9625† 27,84	Haiti,	Gourde Lembira	6,65 2,67	Qatar		4,6520
Bahamas	Ba. Dollar	232,50 1,3430	Hong Kong	H.K. \$	10,4075	Reunion Island	French Franc	11.80
Balearic Isles	Schilling Portuga'se Escudo Ba. Dollar Dinar Spa Poseta	0,502\$ 229,50 38,20	Hungary,		66,9855	Romanis		{(Cm) 5.71 {(N/C) 15.97
Bangladesh Barbados	IARE	2,6730	iceland	Ind. Bunes	56,5580 16,30	Rwanda	Rwanda Franc	135,63
Selgium	B. Franc	(cm) 78.10 (fm) 78.50	indonesia	Ruplah	1 492 47	St. Christopher		5.59
Belize	BS	2.65	iran	Ria! Ironi Dinar	121.00(sg) 0.4141	I St. Helena	St. Helena £	1.0 3.59
Benin	C.F.A. Franc	590.0 1.3480	Iraq Irish Republic	Irish &	1.2451	St. Lucia St. Pierre	East Carmbean \$	11.80
Bhitan	Bda ş	16.30	Isreal	Shekei	1,975.0t 8.608.0	I St. Vingent	E. Caribbean S	3.59
		(c) 99,675.0	isreat Italy Ivory Coast	O.F.A. Franc	590.0	Samoa American	U.S. 8	1.3440 9,608,0
Bolivia	BOITEN PERO	2.6500			=	San Marino Sao Tome & Prin	Dopus	59.30
Brezil	Pula Cruzelroit	9,914.5	Jamaica	Jamaica Dollar Van	7,61/eg) 324.0			4.0500
Botswana	Ŭ,S. 8	1,3430	JapanJordan	Jordanian Dinar	0.5230	Saudi Arabia Senegal	Saudi Ryal	4,8680 590,0
Brunel		2.9925				I Savchellas	S. Rupee	9.36
Bukatria	Lev	1.4145	Kampuchea Kenya Kiribati Korea (Nth)	Kenim Shilling	NIA 23.10	I Slerre I mone	acre .	(0) 7.41 2.9925
Burkino Faso	C.F.A. France	590.0 11.4514	Kiribati	Australian \$	1.9625	Singapora	Singapore a	2,9925 2,0765
Burma Burundi	Rurundi Franc	162.05	Korea (Nth)	Won.	1,25 1,187,65	Singapore Solomon Islands Somali Republic	Somall Shiffing	48,64
			Korea (8th) Kuwait	won Kuwaiti Dinar	0.4075	South Africa	Rand	3,2400 229,50
Cameroon	C.F.A. Franc	590,0 1,8448	1			Spain	Pescia	
Canary Islands	Spanish Peseta	229.50	Lebanon	New Kip	46,52 24,82	North Africa	Peseta.	229.50
Cape Verde is	Cape V. Escudo	118,64	Leaotho	Majuti	3 2400	Sri Lanka	S. L. Rupee	36.10 5.32
Cost Afr Benublia	CEA Erros	1.1095 590,0	Lesotho	Liberian \$	1.3430	Surinam	S. Guilder	2.37
Chad	C.F.A. Franc	590,0	Liechtenstein	Swise Franc	0.3955 8.20	Swaziland	Lilangeni	3.2400 11.4150
Chile	C.F.A. Franc Chilean Peso Renminbi Yush	231,02 3,9667	Lipsembonia	Lux Franc	78,10	Sweden	S. Krona Swits Franc	Z 90
Columbia	Col. Peso	(Lienareo	1			Syria		(A) (T) 9.0
Comoro islands Congo (Brazzville)	C.F.A. Franc	590.0 590.0	Macao	Pathon Borbusana Februsia	10.80 232.50	_	_	(CM) 5.22
Congo (Brazaville),	U.P.A. FRANC	3 <b>9</b> 0.0	Malagasy Republic	Portugese Escudo MG Franc	788.0	Taiwan	Ten Chillian	55.69 22.94
Costa Rica	Colon _	(U) 68.71	I Malawi	Kwacha	2,3680 3,3175	Thalland	Baht	35.90
Cuba	Cuban Peso	1,2375 0,7960	Malaysia	muðår		Togo Republic	C.F.A. Franc	590.0 1.9625
1		( (com) 9,25	Maldive Islands	Ruftyaa	9.30	Trinidad	Trinidad & Tob 5	3.20
Czechoslovakia	Koruna	N/C 16,10   15,66	Mai: Republic	C.F.A. Franc	590.0 0.6160	Tunisia Turkey	Tunisian Dinar	1.0950(sq) 726.52
Denmark	Danish Kroner	14,0775	Mali Republic	Lacal Franc	11.80 102.21	Turkey Turks & Calcos	. Тигкия п <u>ыга</u> 11.9. 8	720,52 1.3430
[ DilboutL	Dilibouti Franc	930.0	NO 11711011118	CUCILIVA	102.21 20.67	Tuvalu	Australian \$	1,9625
howmics	E Caridosan ş	3,59 ((0) 1, <b>3430</b>	Mauritius		(F)497,90	Uganda	Hoende Shifting	797,50+
Dominican Repub.		128.44	Mexico	Local Empo	(C) 393.38 11,80	l *	•	
Ectador		1,1039 (14)	Monaco	French Franc Lurgrik	11,60 4,46	United States Uruguay Utd.Arab Emirates	U.S. Doller Uruguay Peso	1,3430 138,77
'   Egypt	•	1 1 6250 /8	Monaco	E. Caribbean \$ Dirham	3.59 13.80 (sg)	Utd.Arab Emirates U.S.S.R	U.A.E. Dirham Rouble	4.8955 1.1129
El Salvador		(F) 5.3846 590.0	Mozambique	Metical	(A) 56.46	Vanuatu	Vatu	144.70
Equatorial Guinea.	Ekuelê Ethopian Sirr	2,7550 1,0	Kamibia Kauru Napal	S.A. Rand	3,2400 1,9625	Vanuatu Vatican	Italian Ura	2.608.0
Ethiopia	Falkland is £	1.0	Napal	Nepalese Rupes	24.32	Yenezuela	Bollvar	((4) 5.71 -(15) 9.97
Farce Islands Fiji Islands	Danish Kroner	14,0775 1,6285	Notherlands	Guilder	4.57 2.39	1		(6) 19,0450
Finland	.Markka	8,1750			2.5308	Vietnam	Done	(0) 131,25
France French C'ty in Af		11.60	Nicaragua	Cordoba	(0137,10 590.0	Virgin island U.S.,	U.S. Dollar	1,3480
t French Guiana	LOCAL FRANC	590.90 11.80	Nicaragua Niger Republic Nigeria	Naira	1.263146(sq)	Western Samoa		(A) 2,9530
l French Pacific Is	C.F.P. Franc	200.0 590,0	Norway	MOLM & BISTU PLOSSE	11.34 0.4805	Yemen (Nth)		
Gabon	G.F.A. PIBNG Dalasi	5,00	4 Påkistati	Pakingan Roog	21.10	Yemen (Sth)	S. Yemen Dinar	(A) 9.33 0.4560
Germany (East)	Ostmark	3.8725	Panama Papua N. Gulnea	Balboa	7.5450 1.5225	Yemen (Sth) Yugoslavia	New Y Dinar	397.1586
Germany (West)	Deutsche Mark	3.8725 76,2660	I -		/318.00 (10)	Zaire Republic	Zeire	71.0054
Gibraltar	Gibraltar £	1.0	Paraguay	Guarani	(756.49(7)	ZambiaZimbabwe	Kwacha	3.00
Greece	Drachma	184.97	l <u>.                                     </u>				Zimbabwa \$	2,2625



Financial Times Tuesday September 17 1985 132 | 05904 10 | 3.5 132 | 7 | 19404 4.7 | 3.6 1425 | 02304 | 14.0 150 | 10 | 0354 | 0.1 150 | 10 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 | 0354 | 0.1 150 REGIONAL & IRISH STOCKS | REGIONAL & IRISH STOCKS | The following is a selection of Regional and Irish stacks, the latter of countries of the currency. | Albany for Zip | 49 | Christo Andrew | 195 | 47 | Christop Pig. 50 | 45 | Carrol lack | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 | 198 175 +5 62 178 ---73 ---68m +1 23 ---46 ---30 -3 199 -1 "Recent Issues" and "Rights" Page 40 (International Edition Page 42)

## British Aerospace feature in otherwise drab equities FT index down 4.2 at 1,007.7

Account
Option
\*First Declara- Last Account
Dealings tions Dealings Day
Sept 2 Sept 12 Sept 13 Sept 23
Sept 36 Sept 26 Sept 27 Oct 7
Sept 30 Oct 10 Oct 11 Oct 21

""New-time" dealings may take
place from 9.30 am two business days
place from 9.30 am two business days
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Option

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Transformed as the Gover Account Dealing Dates
Option
\*First Declara-Last Account

ness was moderate and kindred issues following weekend news of the proposed UK Saudi Arabian military aircraft con-

British Aerospace were particularly buoyant on the prob-able deal and dealers reported able deal and dealers reported hectic buying activity in the shares even well before the official market opening at 9.30 am. Thereafter, demand continued and BAe eventually closed 33 higher on balance at the day's best of 405p xd. Dowty. Smith Industries and Lucas were other defence stocks to show to sooil advantage.

See the deal and dealers reported a few pence to 642p, after 640p, and Midland lost the turn to 392p, after 390p. Elsewhere, Standard Chartered gave up 5 to 433p.

Insurances were mixed. Legal and General fell 12 more to 653p on nervous offerings ahead of tomorrow's interim results, while Prudential cheapened 7 at 678p.

Leading Building issues dis-

Elsewhere, however, the picture was fairly drab as oil price uncertainties resurfaced to deter potential investors, while the Jewish New Year holiday and adverse comment on shortterm interest rate trends also served to dampen market senti-

ment.

The oil sector, already disturbed by the prospect of Saudi Arabia selling cut-price oil to four U.S. groups and Japan's Mitsubishi, received another shock from the warning by Sheikh Yamani at the Oxford Energy Seminar on Friday that Saudi Arabia could be prepared to allow oil prices to fall to \$15 to \$18 a barrel next spring if a crude oil price war erupts. jib to \$18 a parrel next spring if a crude oil price war erupts.

Dealers also expressed concern over the prospect of falling prices in the run-up to the next full meeting of OPEC oil ministers scheduled for October

**EQUITY GROUPS** 

& SUB-SECTIONS

Metals and Metal Forming (7).

Other Industrial Materials (18).

Food Retailing (14)
Health and Household Products (9)
Leisure (22)

UPS (101) als (19)... 

Motors (16) ...

Textiles (16). Tobaccos (3).

Merchant Banks (21). Property (50).....

Mining Finance (3) ..... Overseas Traders (14)

FT-SE 100 SHARE INDEX ...

PRICE INDICES

1 5 years

2 5-15 years

3 Over 15 years...

**FIXED INTEREST** 

Fri Sept 13

150.27

+0.05 | 119.39

112.01 +0.26 112.19 . 0.49

80.41 -8.08 80.63 0.36

133.11 +0.46 |132.50

137.28 +0.45 136.66

International debt worries continued to deter potential buyers of the major clearing banks. Consequently, quotations drifted lower with Barclays closing 7 down at 378p and Lloyds 8 off at 405p. NatWest softened

Prudential cheapened 7 at 678p.
Leading Building issues displayed small irregular movements following a quiet trade.
Tarmae slipped 4 to 338p following uninspiring first-half results, but Blue Circle attracted occasional buying interest and improved 5 to 505p.

ICI fluctuated narrowly and settled 3 cheaper at 664p, after 660p. Eisewhere in the Chemical sector, Woistenholme Rink featured with a fall of 22 to 263p following disappointing interim figures. Brent Chemicals were unaltered at 132p in the wake of unaltered at 132p in the wake of baif-year results.

Mail-orders wanted

Leading Stores recovered initial losses to finish with modest gains in most cases. J. Dealers also expressed concern over the prospect of falling Hepworth. 226p, and Raybeck. 35p, both eased a couple of full meeting of OPEC oil ministers scheduled for October 3.

Leading Oils were marked down sharply at the outset of trading but little in the way of trading but little in the way of further selling pressure was reported. BP ended the day 11 lower at 532p, while Shell closed a net 15½ lower at 675p excividend.

Blue Chip industrials generally

modest gains in most cases. J.

Hepworth. 226p, and Raybeck.

Sp, both eased a couple of pence on further reflection of a few pence to 75p. Micro Focus were a late casualty, closing 20 market of late on asset injection hopes, came back 3 to 84p.

Slmon featured Engineerings; up to 234p in early trading, the shares fell sharply to close a preliminary results due Thursday week, advanced 8 to 318p. lower at 532p, while Shell closed a net 15½ lower at 675p excividend.

Blue Chip industrials generally

losing out to French competitors in the race for a lucrative U.S. defence contract; de Zoete and Bevan's downgraded profits forecast also depressed the shares. The Government's surprise announcement of a \$2bn floating rate issue in the Euromarket prompted considerable debate in the Government securities market but little in the way of actual business. Longer-dated stocks were marked up around \(\frac{1}{2}\) or so on the news, but started to drift on the absence of follow-through demand, while short-dated stocks remained at pre-weekend levels.

Sub-contractor STC which dipped to 36p before came balance at 88p. Other leading results and dipped to 363p before closing and dipped to 363p before closing just a couple of pence to half-year figures are expected on Thursday. Other leading prompted a lively business in the Euromarket in the Government securities market but little in the way of actual business. Longer-dated stocks were marked up around \(\frac{1}{2}\) or so on the news, but started to drift on the absence of follow-through demand, while short-dated stocks remained up settled by the computers of the first of the

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Mon Sept 16 1985

10.98 11.85 12.35

10.62 11.55 10.96 12.87 7.87 9.14 9.71 11.91 6.04 6.39 8.36 7.16 12.85 9.21 14.48 8.12 7.76 7.62

19.00 — 7.59

5.79

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9.73

8.90

7.82

5.21 14 Preference

BRITISH COVERNMENT INDEX-LINKED STOCKS

259.52 ~1.0 594.51 ~0.5 631.41 ~0.5

-11 -02 -05 -01 -04

11,42 10,49 10,29

11.08 9.69 9.30 15.20 13.72 12.99 10.84 22.41 18.36 15.65 16.77 12.20

12.20 19.10 8.82 6.38 14.06 9.13 14.70 16.07

9.28 9.51

Day's Low

653.90 --9.1 9.60 4.01 13.17 13.53 654.30 656.73 651.39 521.36 1127.81 --2.8 16.73 7.75 7.35 59.64 1159.95 1161.21 1160.02 1105.16

5.12 — 13.25 674.21 677.20 677

11.53 593.98 594.37 592.96 525.92 5.36 262.10 262.00 260.08 278.81 23.86 597.35 596.57 595.53 582.63 15.36 634.61 635.78 631.69 524.07

10.82 10.23 10.84 10.57 10.23 10.93

10.41 9.87

11.48 11.34

3.55 3.34

Fri Sept 13

10.27 10.28 10.90 10.64 19.26 18.99 19.78 19.78 19.43 9.86

31,45

12.20

3.55 3.81 3.34 3.61

4.83 5.85 5.08 3.43 4.67 7.78 4.87 3.79 3.80 4.87 4.87 2.59

2.77 4.89 4.04 4.34 3.02 4.86 5.95 4.12 5.59 4.47 4.44 3.83 3.60

FINANCIAL TIMES STOCK INDICES

:	Sept. 16	Sept. 15	Sept.	Sept. II	Sept.	Sept.	year ago
Government Seas							
Fixed Interest	88.53	88,33	88,14	69,16	88.13	88.25	83,22
Ordinary	1007.7	1011,8	1014.0	1005,6	1006,8	1020,5	859.0
Gold Mines	317.4	317,3	323.9	309,3	304,1	512,9	509,7
Ord, Div. Yleki	4,72	4,71	4,59.	4,70	4,69	4.65	4,67
Earnings, Yid. %full)	11.58	11,54	11,51	11,53	11,52	11,36	11,60
PiE Ratio (net) (*)	10.70	10,73	10.76	10,74	10,75:	10.90	10,36
Total bargains (Est.)	21,429	25,742	20,596	21,510	22,430	22,306	16,531
Equity turnover Em.	<b>–</b> :	530,66	370,48	405,33	408.95	386.46 <sup>3</sup>	250,22
Equity bargains	- :	21,356	16,855	17,498	19,476	20,606	16,359
Shares traded (ml)	'	245.7	169.9	187.3	202,3	197,8	184,8

♥ 10 am 1008.4, 11 am 1004.5, Noon 1004.6, 1 pm 1005.5. 2 pm 1006.1. 3 pm 1006.8. 4 pm 1006.8. Day's High 1009.0. Day's Low 1004.3.

Basis 100 Govt, Secs, 15/10/28, Fixed Int. 1928. Ordinary 1/7/35. Latest Index 01-268 8026 \* Nil = 10.31.

	GHS	AND	LOW	_	S.E. AC INDICES	TIVI	TY
	29	85	Since Co	mpilat'n		Sept.	Sept.
	High	LOW	High	Low	Daily Gift Edged		
Govt. Secs.	85.87 (60/7)	78.02 (28/1)	127.4 (8/1/85)	49.18 (8/1/75)	Bargains Equities Bargains		119.4 109.2
Fixed Int	88.81 ·(25/8)	82.17 (28/1)	150.4 (28/11/47)		Value 5 dayAverage	1078.6	748,6
Ordinary	1024.5 (22/1)		1024.5 (22/1/85)	OB (ELAS)	Gilt Edged Bargains Equities	125.8	198,1
Gold Mines	536,9	280,1	734.7	43,5	Bargains	124.1	122.6

lower at 532p, while Shell closed a net 15½ lower at 675p exdividend.

Blue Chip industrials generally off at 46p and Rentalls 4 cheaper at 98p, but a newsletter recombance index closed 4.2 lower at mendation lifted Top Value 1.007.7, after showing a flower of 1.007.7, after showing a flower of 1.007.7 after

Wed Sept 11

Thurs Sept 12

11.51 521.67 525.10 518.73 516.76 13.04 551.63 545.81 542.71 448.30 20.76 825.18 821.63 823.71 678.32 25.52 187.71 16811 1444.87 1536.88 30.05 1315.14 1346.71 1221.36 1864.32

30.05 1335.14 1346.71 1321.36 1844.32 7.55 298.14 299.32 297.96 254.43 5.75 296.79 207.61 287.63 189.12 4.02 174.23 175.36 173.40 1292.23 15.81 953.51 962.20 941.58 690.91 13.25 692.11 691.89 687.62 527.68 13.84 713.45 712.33 715.72 505.83 13.61 500.06 505.50 499.77 40.0.09 22.67 1646.99 1610.67 1257.91 11.95 1074.03 1080.65 1080.57 905.77 22.96 684.46 684.86 683.92 505.77 22.96 584.86 684.86 683.92 505.77 22.96 684.86 684.86 683.92 505.77 22.96 684.86 684.86 563.92 505.77 22.96 684.86 684.86 563.92 505.77 22.96 684.86 684.86 563.92 505.77 22.96 684.87 684.87 1300.97 7.49 365.28 369.20 368.64 246.29 9.86 678.14 668.97 678.43 465.90 7.49 365.28 369.20 368.64 246.29 9.86 678.14 668.97 678.43 465.90 21.65 678.14 679.26 25.17 681.29 699.22 667.27 624.11 5.79 200.29 199.11 199.11 199.11 149.26 362.01 1220.37 1215.65 1199.97 880.72 155.19 888.59 858.60 877.11 662.69

British Aeropsace held centrestage in the miscellaneous industrial sector, while the
majority of leading issues
languished in the absence of
buying interest. Fisens, however, attracted buying in front
of today's half-timer and rose
7 to 360p, while Boots, a few
pence easier initially, picked up
to close 3 dearer on balance at
206p. Hanson Trust slipped to
203p prior to closing unchanged
at 206p following reports that 203p prior to closing unchanged at 206p following reports that its attempt to win control of SCM of the U.S. had been impaired by the intervention of the New York court. Bowater, in which Hanson holds an 8 per cent stake, came back 6½ to 327p xd, while Reed International, another rumoured takeover target for Hanson, slipped 4 to 666p. Balgety firmed 6 to 438p in reply to the good annual results and proposed 100 per cent scrip issue, while Associated British Ports improved 5 to 322p xd following while Associated British Ports improved 5 to 322p xd following favourable Press comment. Crest Nicholson put on 7 to 109p on takeover hopes, while Bestwood spurted 35 to 420p in a restricted market. Evered were in demand ahead of the results due shortly and grand results.

leotron firmed 5 to 213p in reply to the satisfactory preliminary figures and confident statement, while EIS gained the same amount to 215p following inamount to 215p following in-creased interim profits. Else-where, Bridon attracted buyers at 109p, up 6, but Febel Inter-national shed a penny to 29p following "take profits" advice. Aside from British Aerospace, other leading defence contrac-tors traded in lively fashion fol-lowing the proposed contraclowing the proposed contract from Saudi Arabia for the pur-chase of Tornado and Hawk combat aircraft. Prices closed below the best but substantial gains were maintained in

are expected tomorrow. Lasmo dip and rally Oil price worries continued to weigh heavily on leading oils other than BP and Shell. Britoil dipped 7 more to 203p with the new 5 off at 122p. LASMO fell away to 271p in early trading but rallied strongly amid per-sistent bid rumours and settled 91 to the good at 285p ex-divi-dend. Speculative support prompted a good rally in Ultranar which after falling to Jiramar which, after failing to 198p, picked up to close un-alatered on balance at 205p. Tricentrol, however, gave up 8 to 187p and Burmah 4 to 300p. Enterprise dropped to 177p initially, reflecting concern over oil prices, but railied after the Crest Nicholson put on 7 to ou prices, but railed after the 109p on takeover hopes, while Bestwood spurted 35 to 420p in a restricted market. Evered oil to close only 3 off at 180p. Secondary oils weakened in results due shortly and gained to 241p and Aberfoyle rose Energy were a lone firm spot 5 to 43p on cash injection hopes. tharder at £15½ following wide-spread comment in the weekend Press. Jackson Exploration eased a couple of pence to 28p following the disappointing dril-ling report

ling report. Quiet Mines The absence of many dealers for the Jewish holiday and a sedate performance by bullion made for a quiet day in South African sectors of mining mar-

in either direction. The Gold Mines index mirrored the overall performance and showed a margains were maintained in performance and showed a mar-Dowty, 9 up at 202p, after 207p, ginal improvement at 317.4, but

Among the leading golds, Vaa Reefs attracted support and put on fil to £531, while gains of were common to Bandfontein and Smiths Industries which touched 217p before settling 8 £59, and Western Deep, £24f-higher at 215p. Lucas closed a couple of pence dearer at 338p, after 393p.

Advertising agencies and related counters featured another volatile business in Geers Course which adverted to the couple of the coup

Gross which advanced to 90p generally made progress where amid vague takeover hopes, changed. Angle American Corbefore reverting to unchanged progress where at 82p. Lowe Howard-Spink, and Genbel jumped 75 to 650p, scheduled to reveal interim but the London-domiciled issues figures tomorrow, improved 10 were easier ahead of preliminary to 280p, after 283p, but adverse comment unsettled Good Relations which slumped 14 to a new Australian mines passed 1985 low of 151p. Promotions House, dealt in the Unlisted Securities Market, were marked Norseman and Gold Mines of Market, were marked Norseman and Gold Mines of up 3 to 27p awaiting today's half-timer.

Fleids expected this morning.
Australian mines passed another quiet session. Golds tended to ease with Central Norseman and Gold Mines of Kalgoorlie down 10 apiece at 455p and 575p respectively while Poseidon dipped 8 to 205p. Elsewhere, fading bid hopes left North Broken Hill 9 off at 124p. Traded Option business continued to be featured by Lasmo which attracted 1,627 calls and 511 puts amid persistent chatter of a bid from RTZ. British Aerospace were also active with 1,065 calls done reflecting the strength of the underlying share price half-timer.

In Properties, Stock Conversion firmed 5 to 560p on the announcement that the company had purchased a portfolio of freehold shop and office investments for around film from Legal and General Assurance. Estate agents Mann & Co hardened a couple of pence to 190p following satisfactory annual figures, but Connells remained on offer and shed 3 more to 132p. Press comment thelped Country and New Town harden a couple of pence to out Cannels
out Cannels
out Cannels
of the underlying share price
following news of the Saudi
Arabian contract. Bats positions
helped Country and New Town
harden a couple of pence to
104p, while speculative buying
lifted Regenterest 4 to 32p. City
Site Estates were quoted at 115p
ex rights up 7; the new nil paid
shares opened at 20p premium
and moved up to 33p premium.

Textiles again lacked followers. The sharply
interim profits

and moved up to 33p premium.

Textiles again lacked followers. The sharply reduced interim profits announced on Friday continued to depress British Mohair, finally 8 off for a two-day decline of 31 at 117p. Bulmer and Lumb, 78p, and Dawson International, 182p, eased 4 apiece, while Coats Patons, first-half figures expected today, gave up a couple of pence to 154p.

Stockjobbers Akreyd and Wason Finance Buildings (1)
Countryside Props.
CHEMICALS (1)

Abrora ENGINEERING (2)

Abrora ENGINEERING (2)

Bee Corp. Foods (4)

Matthews (8.) Pyte
Staters Food
INDUSTRIALS (11)
Bestweed Food
Creat Nicholson
Dugort
Hest pence to 154p.

Stockjobbers Akroyd and Smithers, keenly awaiting the culmination of merger talks with Mercury Securities, attracted fresh support and advanced 20 for a two-day advance of 45 at 350p. Elsewhere in otherwise lacklustre Financials, Britannia Arrow hardened a couple of pence to 107p following Press comment; the interim results are expected tomorrow. LEISURE (1) MOTORS (1) PAPER (1)

City Site Estates Land Investors London Shop Prop. Repenturest 99c Cnv. Uns. Ln. Stock Conversion 1994-99 TEXTILES (1) Drayton Premier (1)

Invent Energy
MINES (2)
Pelstart Re NEW LOWS (25) AMERICANS (5)
Corporate Data
Merrill Lynch

BANKS (2)

STORES (1)

MERTING YORK STORES (1) Greenfold Blacks
ELECTRICALS (3)
MRSmos Crystalate Micro Focus ENGINEERING (1) Dewry Warter PAPER (1) Good Relations
PROPERTY (1)
Control Securities

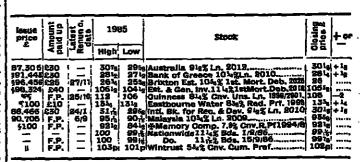
Mersey Docks Units TRUSTS (1) Fledgeling Japan Fledgeling Japan Oils (5)
Aberdeet Am. Pet. Marinex Petroleum
Gr. Western Res. Pict Petroleum
Jetsens Drilling.
PLANTATIONS (2)
Harrisons Maley Harrisons Lowtands

We regret that the London Traded Options table does not appear in this edition because of a computer break-

#### RECENT ISSUES

ts = 1986   Stock   20   40   20   20   20   20   20   20		EQUITIES												
## 1889   F.P.   9/8   65   68   58   58   58   58   58   5		lesue, p.//os	Amount paid up Latest Renuso.	1985 High 14	}	Closing	+0' 3	Times govered						
	tt indicate is reported	67 4 4 170 376 186 1870 115 191 480 5110 465 105	FP. 6/9 F.P. 20/9 F.P. 20/9 F.P. 22/6 F.P. 10/9 1001/11 F.P. 30/9 F.P. 4/9 F.P. 50/9 F.P. 50/9 F.P. 50/9 F.P. 4/9	68 66 £22 £1 41 7 805 194 4428 300 148 11 145 14 100 8 128 11 152 4 1183 9 1183 9 1184	Abard n Steak H.  Alex. o. \$1  Anglo Utd. Dev  Bradsty Pfd. Ord  Braitsh Aerospace & British & Gontrol Techniques & Gontrol Techniques & Graenwich Resource & Israel (Jack L.) 4p.  Alexander Pet. 5p.  Amoss Advertising & Apolypice 10p.	200 - 41	5   bg5   bg	.06 2.1 2.4 3.1 5.0 3.9 3.5 2.2 3.7 2.7 6 2.3 525 3.0 40 2.7	5.6 18.4 5.7 ° 0 5.4 18.5 8.0 6.9 1.6 24.0 6.8 2 .3 8.7 28.0 8.7 28.0 8.7 28.0					

#### FIXED INTEREST STOCKS



#### RIGHTS OFFERS

issue	를 다 다 다 다 다 다 다 다 다 다 다 다 다 다 다 다 다 다 다	Latest Renunc. date	1985		Stock	Olosing	+ 01
рпое	₹ B	CLEUE.	High Low			충료	
47 85 210 360 62 185 15 435 250	F.P. NII F.P. NII 100 F.P. F.P.	27/9 28/10 28/10 20/9 23/9	60 33pm 50pm 416 63pm 130 191 <sub>2</sub> 506	20pm 50pm 405 35pm 99 17 445	Brit. Vending 10p Gry Site Estates Emess Lighting Forshaws Burtonwood Greenwich Resources Hancor Trust RTD Group IR 1.75p TACE 10p. Thermal Scientific	50 33pm 50pm 415 35pm 121 171 <sub>3</sub> 450 500	400140

Renunciation data usually last day for dealing free of stamp duty. It Figures based on prospectus estimates. g Assumed dividend and yield, u Forecast dividend cover based on previous year's earnings. p Pance unless otherwise indicated. I leaved by tender. Green holders of ordinary shares as a capitalisation. §§ Reintroduced. It leaved in connection with reorganization merger or takeover. E Aliotment letters or fully paid. If introduction. § Unilsted Securities Market. § Placing price. § Dealt in under Rule 535 (3). • Dealt in under Rule 535 (4) (a).

#### YESTERDAY'S **ACTIVE STOCKS**

bove sverage activity was noted in he following stocks yesterday. Closing Day's

Stock
Allied-Lyons
Soweter Inds.
Brit. Agrospace
Delgety
Dowry
Geers Gross
Henson Trust

FRIDAY'S **ACTIVE STOCKS** 

Exchange Official	List.		
-	No. of	Fri.	ay's
Stock ch	anges :	cioss	chang
LASMO	31	280	+12
Thorn EMI	25	381	6
Somportex	23	87	+15%
Delta Group	<del>2</del> 2	160	~ 4
STC	22	92	- 2
Jaguar	21	290	9
Burmah Oil	20	304	_
GEC	20	164	~ б
ICI	20	667	<b>∽13</b>
Imperial Group	20	194	+ 8
Raybeck	20	367_	+ 11
Lucas Inda	19	386	+ 6

RISES AND FALLS YESTERDAY

British Funds	Rises	Falls	Saspe
Corpns. Dom. and	72	2	33
Foreign Bonds Industrials Financial & Props. Oils	5 301 96 17	0 292 108 42 42	73 897 365 - 96 15
Mines Others	46	36	98
	107	32	97
Totals	645	512	1,628

**OPTIONS** 

Deal-Unit Trust S. roice
Call options wer taken out in
Lyle Shipping, Vosper, Peliy
Peck, C. H. Bailey, Premier Oil,
LRC International, Johnson and

LKC International, Johnson and Firth Brown, International Potroleum, Egiington Oil and Gas, Raybeck, Associated Dairies, Racal, John Beales, Buia, Dufay Bitumastic, Teru, Weir, West-land, Faiton Resources, Com-bined Technologies and Ferranti.

#### FINANCIAL TIMES

is proposing to publish a survey on

on Monday, October 21 1985 Advertising copy date for this survey is Monday, October 7 1985

For further details and a copy of the editorial synopsis contact: Robin Ashcroft, Advertising Department, Financial Times Bracken House, 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 ext 3389

## **EUROPEAN OPTIONS EXCHANGE**

COLD C	\$320; \$340	37 23	11,80 5,80	30	13 A	<u>2</u>	(\$1.50 —	\$320,10
GOLD C	5360 5320	5	2,70 A	2	14	=	1 =	
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		\$	ept,	De	IC.	March		
SILVER P	\$7001 FL318 FL320	25	12.20	i =	1 = 1	20	100	\$604 F1.526.58
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S/FL C	F1.550	300 47	1.10	54 30	5.50	1 25	10	-
SIFL C	F1.340	350	0.10	144	(4.20	2	7.80	) m
SIFL C	F1.340 F1.340 F1.360 F1.305	==	] = 1	2 5	3.50 2.50	Ξ	1 =	
S/FL P S/FL P	F1,310	~	] =	47	5.20 4.50 A	25 5	8,50 4	
S/FL P	F1.815	9	0.10	24	6,20	20	10.20	1 :
SIFL P	F1.520 F1.525 F1.530	76 101	0.60 1.70 B	4	8.20 10.50 A	10	15	2
S/FL P	F1.335i	191 5	4.50	88	13	- 5	16,50	
S/FL P S/FL P	F1.345 F1.345 Dm.275	32 42	14	=	l = 1	=	! =	н
SOM C	Dm.275	230	2	2	16	_	-	Om250.85
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£iş p	\$150	ŽÖ	0.45	=	=	Ξ	=	1
		0	ct.	Ja	n.	Apr.		
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ABN P AEGN C	F1.480 F1.100	?3 13	2.20	102 49	7.70 4.20	6	25.50 9.30 6.20	Ft. 97
AEGN C ANGN P	F1.480 F1.100 F1.95 FL250		2.20	49 64 5	7.70	Ġ	9.30 6.20	FL 97
AEGN C ANGN P AH C	F),100 Fl.95 FL250 FL250,	27 201 17	3.40 0.90	49 64 5	7,70 4,20 2,90 7,50 2,50	- -	6.20	FL 97 FL244
AEGN C ANGN P AH C AH P AKZO C AKZO P	F1.100 F1.95 F1.250 F1.280 F1.130	13 27 201 17 325 147	3.40 0.90 1.30 1.30 1.10	49 64 5 51 295 24	7,70 4,20 2,90 7,50 2,50 4,10 3,80	6 - - 165 7	6.80 6.60	FL 97 FL244 FL124.60
AEGN C ANGN P AH C AH P AKZO C	F1.100 F1.95 FL250 FL250 FL350	13 27 201 17 325 147 48	3.40 0.90 1,30	49 64 5 51 295	7.70 4.20 2.90 7.50 2.50 4.10	6   165	6,60	FL 97 FL244
AEGN C ANGN P AH C AH P AKZO C AKZO C AMRO C AMRO P GIST C	F),100 F1.95 F1.250 F1.250 F1.130 F1.120 F1.90 F1.85 F1.210:	13 27 201 17 325 147 48 285	3.40 0.90 1.30 1.30 1.10 0.70 1.20	49 64 5 5 295 24 10 6	7,70 4,20 2,90 7,50 2,50 4,10 3,80 2,90 2,40 B	6 6 - - 165 7 156	5.80 5.60 4	FL 97 FL244 FL124.60
AEGN C ANGH P AH C AH P AKZO C AKZO P AMRO C AMRO P GIST C GIST P HEIN C	F1,100 F1.95 F1.950 F1.250 F1.130 F1.90 F1.95 F1.85 F1.810; F1.810;	13 27 201 17 325 147 48 285 10 24 176	3.40 0.90 1.30 1.10 0.70 1.20	49 64 51 295 295 10 46	7.70 4.20 2.50 2.50 4.10 3.30 2.40 B 2.40 B	6 6 - 165 7	5.80 5.60 4	FL 97 FL 944 FL 154-66 FL 85
AEGN C ANGN P AH C AH P AKZO C AKZO C AMRO C AMRO C GIST C GIST C GIST P HEIN C	F1,100 F1,95 F1,250 F1,250 F1,130 F1,130 F1,85 F1,810 F1,810 F1,810 F1,65	13 27 201 17 325 147 48 285	2.20 1.30 1.30 1.30 1.10 0.70 1.20 1.20	49 64 51 295 24 10 6 - 2 46 14	7.70 4.20 2.90 7.50 2.50 4.10 3.30 2.90 2.40 B	6 6  165 7 156 87 	6,80 4,70 3,70	FL 97 FL 244 FL 154 L4 FL 85 FL 217 L6 FL 158 26
AEGN C ANGN P AH C AH P AKZO C AKZO P AMRO C AMRO P GIST P HEIN C HEIN P KOOG C	F1,100 F1,280 F1,280 F1,130 F1,120 F1,90 F1,885 F1,210 F1,160 F1,160 F1,160 F1,160 F1,160 F1,160	13 27 201 17 325 147 48 285 10 24 175 78 256 534	1,20 1,20 1,30 0,90 1,30 0,70 1,20 1,20 1,20 1,20 1,20 1,20 1,20 1,2	49 64 51 295 294 106 28 46 14 154 128	7.70 4.20 7.50 2.50 4.10 3.80 2.40 B 3.30 A 6.60 A 1.70 2.20	165 7 156 87 — 23	5.80 6.80 4.70 3.70 8.80	FL 97 FL 244 FL 154.56 FL 85 FL 217.56 FL 158.26 FL 61.10
AEGN C ANGN P AH C AH P AKZO C AKZO C AKZO C AKRO C AMRO P GIST C GIST P HEIN C HEIN P HOOG P KLM C	F1,1001 F1,280 F1,280 F1,280 F1,130 F1,901 F1,901 F1,910 F1,810 F1,160 F1,601 F1,601 F1,601 F1,601 F1,601 F1,601 F1,601	13 27 201 17 325 147 48 235 10 24 176 78 156 534 270 262	2.20 1.20 1.30 1.30 1.10 0.70 1.20 1.30 1.10 0.70 1.20 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.3	494 64 51 295 295 14 14 128 145	7.70 4.20 2.90 7.50 2.50 4.10 3.30 2.90 2.40 B	165 7 156 87 22 21	5.80 	FL 97 FL 244 FL 154.64 FL 85 FL 217.56 FL 61.10 FL 61.10
AEGN C AHGN P AH C AH C AHZO C AKZO C AMRO C GIST C GIST P HEIN C HEIN C HOOG C KLM C KLM C KLM C	F.1001 F.250 F.250 F.130 F.120 F.120 F.210 F.210 F.150 F.160 F.160 F.65 F.60 F.60 F.60 F.60 F.60	13 27 201 17 325 147 48 285 10 84 176 78 156 78 270 262 61	2.20 1.30 1.30 1.30 1.30 1.10 0.70 1.20 1.30 0.50 0.50	494 64 5 295 240 16 28 48 144 54 125 145 28	7.70 4.20 7.50 2.50 2.50 2.50 2.40 B 3.30 A 6.60 A 1.70 1.90 A 3.90 A 1.10 A	165 7 165 7 156 87 — 82 — 81 40 85	5.80 	FL 97 FL 244 FL 154 L9 FL 85 FL 158 29 FL 158 29 FL 61.10
AEGN C ANGN P AH C AH P AKZO C AKZO C AKZO C AKRO C AMRO P GIST C GIST P HEIN C HEIN P HOOG P KLM C	F1.100 F1.96 F1.250 F1.130 F1.130 F1.130 F1.90 F1.85 F1.820 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60	13 27 201 17 325 147 48 235 10 24 176 78 156 534 270 262	2.20 1.20 1.30 1.30 1.10 0.70 1.20 1.30 1.10 0.70 1.20 1.30 1.30 1.30 1.30 1.30 1.30 1.30 1.3	494 645 511 295 240 16 28 144 54 128 145 128 55	7.70 4.20 7.50 2.50 4.10 3.50 2.40 B 3.30 A 6.60 A 1.70 2.20 A 1.90 A 1.90 A 1.40 B	165 7 165 7 156 87 — 82 — 81 40 85	6.80 4.70 3.70 8.80 4.50 8.80 4.50 8.50	FL 97 FL 244 FL 154 56 FL 217 56 FL 168 26 FL 61.10 FL 67.80 FL 189.56
AEGN C AHGN P AH C AH C AH C AHZO C AMRO C AMRO P GIST C HEIN C HEIN P HOOG C KLM C KLM C NEDL C NEDL C NATN P	FJ.1001 FL250 FL250 FL120 FL120 FL120 FL357 FL357 FL350 FL350 FL500 FL600 FL600 FL600 FL600 FL600 FL1800 FL1800 FL700 FL	27 201 17 325 148 225 10 24 176 285 176 286 270 282 61	2.20 1.20 0.90 1.30 1.10 0.70 1.20 1.20 1.20 0.50 0.50 0.50 0.50 0.50 0.50 0.50	494 645 295 205 205 205 205 205 205 205 205 205 20	7.70 4.20 7.50 2.50 2.50 2.50 2.40 B 3.30 A 6.60 A 1.70 1.90 A 3.90 A 1.10 A	66	5.20 6.60 4.70 3.70 8.80 9.70 4.50 9.70 4.50 9.70	FL 97 FL 244 FL 154 44 FL 155 FL 17 46 FL 61 10 FL 67 40 FL 180 54 FL 180 54
AEGN C AHGN C AHG C AHGO C AKZO C AMRO C AMRO P GIST C HEIN C HEIN C HEIN C HOOG C KLM C NEDL C NEDL C NETT C NATIN P PETR C	F1,1001 F1,250 F1,250 F1,120 F1,120 F1,250 F1,250 F1,160 F1,160 F1,160 F1,160 F1,160 F1,180	137 201 17 325 147 48 285 176 78 176 78 270 262 128 22 237	2.20 1.30 0.90 1.30 0.70 1.30 1.30 1.30 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0	494 65 515 295 204 106 28 145 128 54 145 28 54 145 28 54 145 28 54 145 28 54 145 28 54 54 54 54 54 54 54 54 54 54 54 54 54	7.70 4.20 7.50 2.50 4.10 3.50 2.40 B 3.30 A 6.60 A 1.70 2.20 A 1.90 A 1.90 A 1.40 B	65	5.20 6.60 4.70 3.70 8.80 9.70 4.50 9.70 4.50 9.70	FL 97 FL 244 FL 154 56 FL 217 56 FL 168 26 FL 61.10 FL 67.80 FL 189.56
AEGN C AAIGN C AAIGN C AAIGO C AAICO C	F.1000 F.2500 F.2500 F.1300 F.1300 F.1300 F.1300 F.1300 F.1300 F.1300 F.1600 F.1600 F.1600 F.1600 F.1700 F.	137 207 17 325 148 235 10 34 178 156 534 262 61 128 22	2.20 1.20 0.90 1.30 0.70 1.20 1.20 1.20 1.30 0.50 1.30 2.90 1.30 2.90 1.30	494 515 205 204 106 127 147 128 149 149 151 151 151	7.70 4.20 2.50 2.50 4.10 2.50 4.10 2.50 2.40 B 3.30 A 1.70 2.20 1.90 A 1.70 B 3.90 A	66	5.80 6.60 4.70 3.70 8.80 9.70 4.80 9.70 4.80 9.70 15.50	FL 97 FL 244 FL 154 146 FL 85 FL 217 146 FL 61 100 FL 67 80 FL 74 50 FL 89 50 FL 89 50 FL 89 50 FL 89 50
AEGN C AH C AH C AH C AH C AH C AKZO C AKZO C AKZO C AMRO	F1.100 F1.95 F1.250 F1.120 F1.120 F1.85 F1.85 F1.80 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.60 F1.70 F1.70 F1.180 F1	137 201 17 325 147 48 175 24 176 178 156 534 262 237 282 237 249 259 259	8.20 1.30 0.90 1.10 0.70 1.10 0.70 1.20 0.50 0.50 0.50 2.90 1.30 0.50 0.50 0.50 0.50 0.50 0.50 0.50	494 595 295 295 295 296 154 159 159 159 159 172 172 172	7.70 4.20 2.50 2.50 4.10 2.50 4.10 2.50 4.10 2.40 1.70 2.20 1.90 A 3.30 A 1.70 2.20 1.90 A 3.50 4.11 4.0 B 3.50 4.11 1.40 B 3.60 A 1.70 B 3.70 A 1.70 B 3.70 A 1.70 B 3.70 A 5.70	665	5.80 4.70 3.70 8.80 4.80 8.80 4.80 8.50 11.0 3.90 14.80 14.80 14.80	FL 97 FL 244 FL 25 FL 27 56 FL 61 10 FL 67 80 FL 74 50 FL 74 50 FL 74 50
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B=Bid · C=Call

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TOTAL YOUNG IN CONTRACTS: 18.154

## WORLD STOCK MARKETS

•	AUSTRIA   GER	MANY	INORWAY	AUSTRALIA (continued)	/ Indian /	,			
	Sept. 16 Price + or	Sept. 16 Price + p	Sept. 15   Prices + or Kroner -	Sept 16 Aust 5 =	JAPAN (continued)  Frice + or Sept. 13 Yen -	CANADA			
ents /	Creditanstalt   382	144.6 + 3.     2 Vers	Bergens Bank	Sept. 16 Aust. \$ —  Gen. Prop. Trust. 2.27 + 0.8 Hardie (James)	Mili	TORONTO Prices at 2.30pm September 16  8382 AMCA Int \$144, 157, 17600 Aberbrd \$109, 10 10 10 0 Abitish Pr \$204, 204, 2 1300 Agains E \$177, 178, 10 10 0 Abitish Pr \$204, 204, 2 1300 Adres N \$141, 4 1 23440 Alten \$354, 254, 254, 2 100 Algens \$24, 224, 2 100 Algens \$24, 2 10 Algens \$24	13g - 3g   75900 Czar Res   225   214   216   -2   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36   019   -36	330   Klens Gkd   3241, 24   2412   +14   909   10960   Labam   \$2776   2714   2759   2759   7188   27600   L. Lee   \$2445   3558   3572   2760   1788   27600   L. Lee   \$2445   3558   3572   1788   27800   Laclama   \$1145   1115   1116   -14   28200   27800   Laclama   \$1145   1116   1116   -14   28200   27800   Laclama   \$1145   1145   1415   28200   11500   Loblaw Co   \$2714   2136   2134   +14   7100   11500   Loblaw Co   \$2714   2135   2134   +14   7100   11500   Loblaw Co   \$2724   212   212   122   122   123   1234   +14   7100   12300   March H X   \$1314   1316   13	Scotts C
	Cophandelsbank 295	Sept. 16	St Kopoarbergs	Hutchison Wps. 26,9   Intil. City	Tokai Bank	2525   CCarn ax   5   505, 105, 105, 111, 105   105, 115, 115, 115, 115, 115, 115, 115,	## 15   200   Glant Yk   \$2074   1958   2074   -15   ## 15   500   Glant Yk   \$2074   1958   2074   -15   ## 15   500   Glant PK   \$258   \$58   \$58   \$58   ## 15   500   Glant PK   \$258   \$58   \$58   \$58   ## 16   500   Glant PK   \$258   \$58   \$58   ## 10   Glant PK   \$1514   \$1514   \$1514   \$1514   ## 15   515   515   ## 16   525   510   ## 17   525   510   ## 17   525   510   ## 17   525   525   525   ## 17   525   525   ## 17   525   525   525   ## 17   525   525   ## 17   525   525   ## 17   525   525   ## 17	Substitute	WONTREAL
-	Tokic   Toki	er-NDU 137.8, +1.7  17.4 - 0.1  217.5 + 0.6  188.2 + 0.1  217.5 + 0.6  188.2 + 0.1  188.2 + 0.1  188.3 + 0.1  188.3 + 0.1  188.3 + 0.1  188.4 + 0.6  189.5 + 1.6  189.6 + 1.6	AUSTRALIA  Sept. 16  Price + or Aust #  ANZ Group	Furukawa Elect. 308 —6 Green Cross	SOUTH AFRICA   Sept. 16   Price   For Rand	Supt 13   12	Sept   Sept   Sept   1885   Since Compilation   11   10   9   High   Low   High	AUSTRALIA All ord. (1/1/80) 855.5 963.5 965.5 Metals & Minis. (1/1/80) 629.1 632.8 527  AUSTRIA Credit Aktien (2/1/82) 100.25 100.25 100.25  BELGIUM Brussels SE (1/1/80) 2482.74 2425.08 2428  DENMARK Copenhagen SE (5/1/86) 216.78 216.76 218  CAC General (51/12/82) 218.8 218.9 218 Ind Tendance (28/12/84) 125.7 124.2 128  GERMANY FAZ Aktien (51/12/85) 515.46 514.84 519 Commerzbank (1/12/85) 1515.4 1507.6 1528  HONG KONG Hang Seng Bank (51/7/84) 1890.23 1505.84 1586  JTALY Bancs Comm Ital. (1572) 592.58 380.26 588  Nickel-Dow (16.5/48) (c) 1939.50 1612	.1, 529,1 685,6 (20/5) 558,5 (7/1)  .45 100,27 105,75 (17/8) 85.21 (2/41)  .57 2423,68,2425,89 (9/5) 2059,7 (18/1)  .44 214,89 218,41 (9/5) 158,44 (8/1)  .5 124,3 136,4 (51/5) 100,9 (5/1)  .5 124,3 136,4 (51/6) 582,38 (5/1)
	OVER-THE-CO	UNTER	Nasdaq national market,	2.30pm prices	<del>-</del>	led div yield %	Sept 4 Aug 25 Aug 21 Year Agu (Aperma)  2.75 3.72 3.72 3.51  11.81 11.83 11.8  18.39 18.38 12.54	NETHERLANDS ANP-CBS General (1978) 219.3 220.5 220. ANP-CBS Indust (1978) 191.8 192,5 192. NORWAY	3 . 221.2 . 221.6 (5/8)   185.6 (5/1) · 185.5 . 184.1 (5/8)   147.5 (5/1)
N N 00000000	Continued from Page 45  Lunrax 29 5% 5½ 5½ 5½ 5½ 5½  Lurrif 57 9¼ 9½ 9½  Lurrif 57 9¼ 9½ 9½  Counter 10 3 3 3 + ¼  Lutter 57 5% 5½ 14½ 15  Lutter 57 5% 5½ 14½ 15  Lutter 57 9½ 14½ 15  Lutter 10 3 3 3 + ¼  Lutter 10 3 3 3 + ¼  Lutter 10 3 3 3 + ¼  Lutter 10 3 3 5 + ¼  Lutter 10 3 4 5½ 14½ 15  Lutter 10 30 57 42½ 42¼ 42¼ 1½  Lutter 10 15 15½ 14½ 15  Lutter 10 15 15½ 15½ 1½ 1½  Lutter 10 15 15½ 15½ 1½ 1½  Lutter 10 15 15½ 15½ 15½ 1½  Lutter 10 15 15½ 15½ 15½  Lutter 10 15 15½ 15½  Lutter 10 15 15½ 15½  Lutter 10 15 15½ 15½  Lutter 10 15½  Lutt	Rednot   R	11 11 Sovrans 614 63 Speedy 1412 1412 14 Speedy 512 512 Speedy 9 9 - 1 1221 1212 1 Speed 324518 Speed 1325 1325 335 - 2 345818 20	Sales: High Law Last Comp (Model)  84 48 47'2 477'8 + 12 UBAbek 35 19'9 16'8 15'5 - 12 UBCol UFRGF1 12 5'8 5'8 5'8 15'5 - 12 19 27'4 25'4 27 29 49 45 46 + 12 27 2294 2394 2394 2394 157 6'2 6'4 6'4 - 12 169 17'4 17 17'5 - 12 21 6'9 6'2 6'5 - 14 158 51 169 17'4 17 17'5 - 12 21 6'9 6'2 6'5 - 14 21 6'9 6'2 6'5 - 14 21 6'8 5'9 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'2 6'5 - 14 21 6'8 6'4 14'4 14'4 14'4 21 6'8 22'5 22'5 21'2 22 22'5 22'5 21'2 23 144 14'5 14'5 15 - 19 23 144 14'5 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5 23 144 14'5 14'5	1.08 85 25% 25% 25% 25% - % 1.08 15 25% 25% 25% - % 1.75 77% 77% 77% 1.841 15 87% 842 97% + 1% 1.841 15 87% 842 25% 25% 1 184 25% 25% 25% 25% 1 5.081249 26% 25% 25% 25% 15.66-1.1 1.2 153 444 4 44, + 1% 1.3 306 198 18% 18% 18% 18% + 1% 1.20 7 35% 25% 25% 25% 25% 1.54 647 44% 44% 44% 45% 18% 18% 18% 18% 18% 18% 18% 18% 18% 18	N.Y.S.E. ALL COMMON   19    Sept. Sept. Sept. Sept. Sept. 12	Rises and Falls   Sept. 12 Sept. 13 Sept. 14 Sept. 15 S	Oslo SE (4/1/85) 264.17 384.78 384.  SINGAPORE Straits Times (1968) 754.28, 751.61 750,  SOUTH AFRICA JSE Gold (28/8/78) — 1018.7 7044,  JSE Indust (28/8/78) — 948.0 945,  SPAIN Madrid SE (28/12/84) 108.88 109.51 109,  SWEDEN Jacobson & P (11/68) (ut 1588.82 1587,  SWITZERLAND	
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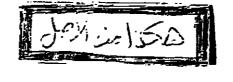
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FRANCE



Prices at 3pm. September 16 17.251; 9254; 14.4; 14.5 18.2 19.1; 15.5 19. FINC 2006 8.2 7
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New York . London . Paris . Geneva . Zurich . Hong Kong . Tokyo



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+18183912 181810

Stock Bit Stock

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.20 1.20 .20 .88 .20e .32 .24 .58 .15

,12

1.04 .12e 1.52

. .52 .89 1.125 .65a .08 .08 .40 .66 .44

1.44 .58 .80 2.10 1.08

Trub pf10.38e9.3
Toroco 40 23 10
Toroco 25 15
TWA pf2.25 11
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TWA pf2.30 11
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UK COMPANY NEWS

## FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

### Institutions shelter on sidelines

THE LEADING investment institutions remained on the sidelines yesterday in Wall Street, leaving the market under the residual influences of last week's uninspiring economic indicators, writes Terry Byland in New York

Blue chips encountered support midsacric as traders moved in to pick up meet Friday's selling committ the broad range of stocks re-

> se the Dow Jones industrial up 1.46 at 1,309.14. as again focused on the economic data. The mared of yesterday's data ntories or industry opweek's hurdle will be ment by the Com-of its "flash" esti-

vird-quarter gross

Standard & Poors 500

1982

658.47

152.6

182.91

1,300.2 1,308.8 1,109.6

634.41

697.32

10.43

closed 12,585.7 10,621.5

closed 1,009.30 820.53

963.3

532.4

100.25

2,703.5\* 2,710.2 2,397.1

132.35

216.76

219.9

124.2

1.513.4 1.507.6 1.031.1

1,600.23 1,605.84 945.44

220.3

192.3

364,17 364,70 263,21

751.61

1,018.7 948.0

1.376.64 1.396.62 1.478.14

497.2

212.6

Sept 16 \$320.00

\$319.55

\$319.00

109.68 109.51

213.0

**GOLD** (per ounce)

Yr Ago

904.1 805.9

145.09

378.0

183.6

Prev \$320.75

\$321.25

\$321.96 \$321.90

390.26 210.45

515.46 514.34

1,942.8 2,026.0

118.78

176.40

114.1

317.3

1,007.7 1,011.9

STOCK MARKET INDICES

1.308.47\*

153.06\*

631.41

693.97

10.41

529.1

100.25

1.944.4\*

132.03\*

216.76

123.7

392.39

191.8

2,432.74 2,425.08

NEW YORK

**DJ Utilities** 

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

FT-A All-share

FT-A Long gilt

Nikkei-Dou

Tokyo SE

AUSTRALIA

**AUSTRIA** 

BELOW

CAHADA

Portfolio

DENMARK

FRANCE

Ind. Tendance

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm

METHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

JSE Golds JSE industri

Madrid SE

SWITZERLAND

Capital Int'l

Swiss Bank Ind

SWEDEN

WORLD

London

Pans (fixing)

New York (Dec)

Zürich

SPAIN

Straits Times

ITALY

Commerzbank

Metals & Mins

Credit Aktier

Belglan SE

Metals & Minis

S&P Composite 182.56°

1983

Year ego

131.0

168.78

859.D

524.07

570.84

10.42

435.B

1,307.68 1,237.52

1984

DN

Yen FFr

U.S. DOLLAR

Previous

241.95

8.845 2.39

3.27

1,945.0

U.S BONDS

Price Yield

99<sup>27</sup>/<sub>m</sub> 8.956

Sep 16\*

99%

81%

98%

97

100% 11.75

FINANCIAL FUTURES

10.199

Yield

10.50

8.65

11.00

11.60

76-25 76-29 76-16 76-13

92.93 92.96 92.21 92.93

92.08 92.08 92.05 92.06

91.48 91.49 91.42 91.35

111-19 111-12 111-09 111-15

Sept 16 Prev 450.85p 453.55p £1.023.00 £1,023.50

£1,627.50 £1,618.00

COMMODITIES

82% 11.20

98% 10.95

1003 10.348 100 1 10.40

1001% 10.574 100 % 10.502

100255

Sept 16

241.35

8.7875

2.382

3.254

3-month U.S.S

6-month U.S.\$ U.S. Fed Funds U.S. 3-month CDs

U.S. 3-month T-bills

1992

1995

3% July 1990

84 May 2000

10% Mar 1993

10% May 1993

11.80 Feb 2013

12% Dec 2012

Source: Salamon Bras

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Silver (spot fixing)

Copper (cash)

Coffee (Sept)

U.S. Treasury Bonds (CBT)

Sept 76-25 76-U.S. Treesury Bills (IMM)

Certificates of Deposit (UEM)

Abbot Lab

CHICAGO

LONDON

Dec

Dec

Diamond Shamrock

Federated Dept Stores 10% May 2013

10%

10%

10% 2015

Euro-currencies

KEY MARKET MONITORS

ift in the bond federal funds ned in what was technical manoeuvice of the G. Sbn customer repur-

In the stock market, little confidence was placed in the rally in blue chips. "The bears are starting to stir," said Mr Frank Cortez of First Michigan.

End Month Figures

Reduced turnover contrasted sharply with last week, when trading expanded as the institutions turned sellers. Weakness in the second-line stocks brought an early fall of more than 1 point in the American Stock Exchange index.

Defence Aerospace stocks tumbled on Saudi Arabia's decision to spend £1bn (\$1.3bn) on buying military aircraft from Britain. McDonnell Douglas, recently banned by Congress from selling F15 fighters to the Saudis, fell \$1% to \$72%, and General Dynamics lost \$2% to \$71%.

Airline stocks made limited response to Sheikh Yamani's suggestions that Saudi Arabia might cut oil prices again soon, and falls in U.S. oil producers were

There were further falls in banking stocks, with both regionals and moneycentre issues reacting to renewed nervousness over the industry's problems with international and domestic loans. BankAmerica, although expecting a \$580m benefit from selling its San Francisco headquarters, eased \$1/4 to \$13%.

Firmness in IBM, \$% up at \$128%, and in General Motors, \$% up at \$68% helped the Dow industrial average. Other motor stocks edged higher, responding to the strength of U.S. car sales in the early September period - when business was again boosted by the generous financing terms offered by the main manufactur-

But technology stocks showed minor mixed price changes. Among the personal computer makers, Commodore edged up \$1/4 to \$24% but Apple eased \$1/4 to \$15%.

High on the active stocks list was Richardson Vicks, up \$2% at \$51, as Uni-lever, through its U.S. subsidiary, commenced its tender offer. Unilever is offering \$56 cash, but only if the Richardson board reverses its stance and ap-

1400

1350

1300

1050

1000

950

STERLING

1.341

3.8875

324.5

11.86

3.205

4.385

78.85

11% 4'%

4% 10%

8½ 8¾ 7¾, 8.35 7.45

Price Yield

992% 9.01

1001% 10.27

Prev

99% 10.50

81% 8.65

82% 11.20

98% 10.95

98% 11.00

11.60

97

Sept 16 Previous

1.343

3.8725

324.0

11.8 3.2

4.37

2,608.0

78.1

4% 4% 10%

7.90° 7.18°

proves the bid from the Anglo-Dutch de-tergents group – otherwise, Unilever will pay only \$48 a share. Substantial stakes in Richardson

were bought last week at around \$47 a share, either by the company itself or, more likely, by Wall Street's more likely, by

arbitrageurs.
Stock in SCM eased \$1/4 to \$72% in subdued trading, as Hanson Trust of the UK appealed against a New York court ruling that benned it from acquire more SCM stock, or voting its 25 per cent

stake.
Other features included Cessna, unchanged at \$29%, but active, as General Dynamics commenced its tender offer. PPG Industries edged up \$% to \$43% after the board purchased 10.8m shares for \$49.25 from outside the market.

A 1.2m share block of Polaroid changed hands at \$31, leaving the stock \$% firmer at \$31% in the market, following an initial success in its patent battle with Kodak – which eased \$% to \$42%.

In pharmaceuticals, reports that federal authorities had doubts over painkilling products containing acetamino-phen brought a fall of \$1% to \$43% in Johnson & Johnson.

In the credit markets, trading was subdued behind a federal funds rate still at 8 per cent despite the Fed's intervention. Softness in the U.S. dollar sustained the view that the economy is slowing down.

#### LONDON

## Aerospace deal signals take-off

AEROSPACE and kindred stocks were a feature of dull trading among equities in London yesterday.

The weekend news of a UK contract to supply military aircraft to Saudi Arabia gave the impetus for the support of aero-space issues. British Aerospace was sought from the opening of business and closed 33p higher at a day's best of 405p ex-dividend.

The oil sector was again depressed by concern about Saudi Arabia's plans to sell cut-price oil. Leading oil stocks were marked down steeply from the start of business and BP ended 11p down at 532p and Shell was 15%p lower at 675p ex.

The Government's surprise announcement of a \$2m floating-rate issue in the Euromarket prompted little business. Longer-dated stocks were marked up around %, but later drifted lower. Shortdated stocks remained at pre-weekend

After-hours business was transformed as the Government broker established conversion 93/4 per cent 2001 as a tap and was on and off at 951/8. Long-dated gilts closed with gains ranging to %.

Chief price changes, Page 43, Details, Page 42, Share information service, Pages 40-41

#### **AUSTRALIA**

A STEADY tone developed around record levels in Sydney, with industrial issues marginally stronger than the mining sector for most of the session.

Early selling set the scene for a general decline. However, a resumption of last week's buying pushed prices forward and left them generally on par with their previous closing points.

The All-ordinaries index firmed to close 0.1 off Friday's record level at 963.3, while the All-industrials index added 2.4 to 1,413.9.

Media stocks stood out in the industrial sector. Herald and Weekly Times continued to enjoy last week's support and added 10 cents to A\$5, while News Corp added 20 cents to A\$7.10, AWA 16 cents to A\$5.30 and Bell Group 10 cents to

Among leading mining issues, CRA firmed 4 cents to A\$5.54, Peko 8 cents to A\$4.80, MIM 3 cents to A\$2.65 and WMC 2 cents to A\$3.88. BHP ended unchanged at A\$7.16.

#### SINGAPORE

SPECULATIVE stocks boosted the tempo of trading in Singapore, although a broad range of leading issues also firmed marginally.

The Straits Times industrial index added 2.67 to 754.28, with turnover well down on Friday's level. Sealion was again highly active as

1.1m shares moved through the market as it slipped 4 cents to S\$1.61, while Pahang Investment added 2 cents to 53 cents on a turnover of 920,000 shares. Elsewhere, GI Holding added 9 cents

to SS2.64, Haw Par 11 cents to SS2.16, Metro 9 cents to S\$2.53, DBS 2 cents to S\$4.98, and MBF 8 cents to S\$3.04. Property stocks were higher, while ho-

tels were mixed and commodity issues easier with price changes restricted to narrow margins.

#### **HONG KONG**

WITH OVERSEAS institutional investors again absent, shares drifted slightly lower during dull trading in Hong Kong. Among leading issues, Cheung Kong dropped 10 cents to HKS18.40, Hongkong Light 30 cents to HK\$15.30, Hong-kong Shanghai Bank 10 cents to HK\$7.25 and Hongkong Land 5 cents to

Local investors concentrated their efforts on situation stocks and selected second and third-line issues were actively traded, although price variations were

#### **EUROPE**

#### Poll result weakens Stockholm

WEARNESS developed during trading in Stockholm in response to the re-election of Prime Minister Olof Palme's Social Democratic Government. The Stockholm stock exchange index fell to 1.376.64

Domestic and international investors withheld support, leaving the way clear for the light selling pressure that arose

to push prices lower. Unrestricted shares, which foreign investors are allowed to hold, incurred the largest falls.

The market had anticipated the election's outcome during the two-week run to the poll, explaining in part the rela-tively mild reaction to the re-election of a leadership committed to increased government participation in the private

Local investors continue to be concerned over the direction of Swedish interest rates and some predicted an improvement in the market later in the year if the new Government succeeds in implementing budget-cutting measures.

In the engineering sector, Asea was SKr 10 lower at SKr 300, and Alfa Laval fell SKr 5 to SKr 200, while among pharmaceutical stocks, Astra dropped SKr 10 to SKr 405. Volvo shed SKr 6 to SKr 231, Ericsson,

the telecommunications group, lost SKr 4 to SKr 231 and appliance maker Electrolux ended SKr 3 easier at SKr 143. Demand from overseas and domestic investors helped Frankfurt to shrug off a directionless trend early in the

Buy orders flooded in after the first half-hour of trading to push the Commerzbank index up 5.8 to 1,513.4.

Electrical and motor stocks proved again to be the market leaders, while The Tokyo stock exchange was closed for a national holiday.

banks, machinery and stores issues also made substantial gains.

After a large buy order, Commerz-bank ended DM 6 higher at DM 220. Deutsche Bank added DM 4.40 to DM

591 and Dresdner DM 3.30 to DM 270.50. In the motor sector, BMW advanced strongly to finish DM 7 ahead at DM 500. Daimler, at DM 988, was up DM 4.50 but remained just below its record high

touched last week VW ended DM 1 higher at DM 343. Siemens and Nixdorf led the electrical sector. Nixdorf rose DM 7 to DM 576,

which was just off its high for the day and Siemens added DM 10.10 to DM 584. The machinery sector benefited from an economic forecast by a large West



rise in demand for capital goods. GHH gained DM 5 to DM 196 while KHD put on DM 3 to DM 310.

Karstadt, the stores group, moved DM 6 higher to DM 268.50 Horton added DM 2 to DM 195 while utility group Veba slipped DM 1 to DM 233.70.

After a day of moderately active trading, bonds ended slightly higher as domestic buyers took prices for some pa-

per up by 15pfg.

The Bundesbank continued to sell paper, adding a moderate DM 27.8m worth to the market after selling DM 28.6m on

Friday.

Brussels posted broad gains, buoyed by optimism among investors over political trends in the country. An opinion poll published on Friday, one month be-fore the general elections on October 13, showed a gain in popularity for the Government's four centre-right coalition parties, despite the crisis in July that resulted in elections being brought forward from December.

Politically sensitive utility stocks firmed. Intercom rose BFr 10 to BFr 2,270 and Ebes gained BFr 15 to BFr

Early profit-taking in Zurich after last week's gains left prices mixed in quieter trading. While the consolidation phase kept most sectors fairly inactive, light buying in the banking sector left investors believing that banks might be poised for a rebound.

Swiss Volksbank led the sector, rising SwFr 30 to SwFr 2,060, Union Bank

added a similar amount to SwFr 4,350. and Swiss Bank ended unchanged at

Elsewhere, Nestlé shed SwFr 10 to SwFr 7,580, Swissair added SwFr 5 to SwFr 1,440 and Ciba Geigy was steady SwFr 475.

at SwFr 3,470. Paris moved lower as fears of a drain in liquidity continued to dog the market. Investors are worried that funds will be squeezed after the announcement that the Government plans to tap the bond market for FFr 15bn this week.

Food shares were among the weakest performers as the fall in the dollar set off concern over weakening export or-ders. Promodes ended 7 per cent lower at FFr 1,075 and Sampiquet lost 6 per cent to FFr 505.

Avions Dassault, the aircraft manufacturer, fell FFr 81 to FFr 1,020 on news that Saudi Arabia had selected the Anglo-German-Italian Tornado jet over its

Mirage 2000. Amsterdam ended mixed to lower on the eve of the Netherlands budget day. Although the budget is not expected to contain any surprises or shifts of gov-ernment policy, investors appeared to be reluctant to enter into any transactions.

International companies with large dollar revenue bases were hit by the softer U.S dollar and the market leaders declined. Unilever shed F1 1.50 to F1 340.50 while Royal Dutch lost F1 6.80 to FI 190.40 ex-dividend.

After a month of sharp gains, some selling pressure in Milan left prices

Madrid rose in light trading with the foods sector leading the advance. Com-munications and banking issues shaded lower, however.

#### **SOUTH AFRICA**

LISTLESS trading left leading gold shares narrowly mixed in Johannesburg, reflecting a lack of interest in the absence of fresh incentives.

Randfontein eased R2 to R210, while among other leading issues Vaal firmed R3 to R189. In second-line stocks, Wel-kom lost 50 cents to R16 and Kloof 46 cents to R20.40.

#### CANADA

A BROAD DECLINE emerged in Toronto with price movements narrow and

turnover generally light.

Among actives, Power Corp traded
C\$\% lower at C\$16\% after Tele-Metropole said its principal shareholders will sell their controlling stake to the compa-

Montreal also eased, although price movements were smaller.

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